EUROPE'S BUSINESS NEWSPAPER

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D 8523A

US FINANCE

Wall St brokers strike a rich seam

Page 20

World News

Top Japanese groups drawn into stock market scandal

Top Japanese industrial companies were yesterday drawn into the country's widening stock market scandal when their names appeared on a list of clients compensated by securities brokers for trading losses.

Toyota and Nissan, the carmakers, and Hitachi and Matsushita Electric Industrial, the electronics groups, were among 231 customers who were together paid compensation totalling $936m. Page 16

Yeltsin signs treaty

Russian president Boris Yeltsin signed a treaty with Lithuania, securing rights for Russians living in the breakaway Baltic republic and recognising the Lithuanian declaration of independence rejected by the Soviet government. Page 2

Middle East peace talks

Israeli foreign minister, David Levy, arrived in Cairo for talks with Egyptian leaders on the obstacles remaining to an American-sponsored Middle East peace conference. Page 4; Amnesty says Israelis ill-treat Palestinian detainees; Page 4

French press on Iraq

France is to press its allies for urgent measures to ease the economic embargo against Iraq in order to bring food to the country's starving civilian population. Page 4

Mutiny in Haiti

Sailors at the main navy base in Haiti's capital mutinied, accusing senior officers of plotting to overthrow President Jean-Bertrand Aristide. Page 3

Madagascar concessions

The government freed three arrested opposition leaders, but proidier Ratsiraka. Page 4

Kenyan rights' abuse

Independent human rights group Africa Watch said that Kenya was in a human rights crisis. It gives a damning assessment of the Kenya government's record and will almost certainly raise doubts among aid donors who, traditionally, have favoured the country. Page 4

Fewer French workers

France's working-age population will begin shrinking within 15 years and up to 315,000 immigrants may be needed annually to maintain the workforce, according to the National Institute of Statistics and Economic Studies. The report coincided with intense national debate over immigration and calls to curtail the flow of immigrants. Page 2; Sweden's working women enjoy a baby boom, Page 2

Riots over Islamic code

Isfahan, Iran's second city, was the scene of riots involving hundreds of people against the police in its attempts to enforce the Islamic dress code, known as *hejab*. Page 4

Danish bridge go-ahead

The International Court has made an interim judgment in Denmark's favour in a dispute with Finland over the building of the world's longest suspension bridge, across the Great Belt entrance to the Baltic. Page 2

S African resignations

Three government ministers announced their resignations ahead of a statement expected today from President F.W. de Klerk on the secret funding scandal which has caused a government crisis. Page 16

Romanian flood deaths

A dam broke after heavy rain in north-eastern Romania, killing at least 66 people. Another 30 were missing.

Business Summary

FT All-Share index closes at record high of 1,238.79

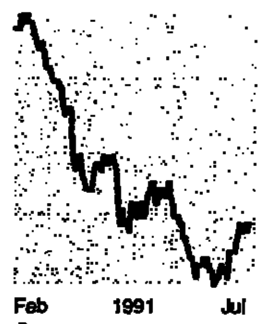
The FT All-Share index passed its 1987 peak for the first time, when the index, the broadest measure of UK stock market values, closed at up 2.87 points on the day. The new high is 0.22 points above the former record of 1,238.57 on July 16, 1987.

The FT-SE 100 index, which measures share price performance of the UK's biggest companies, went through 2,600 for the first time and reached 2,612.4 at one point. It closed at a new high of 2,595.0, up 5.7 on Friday's close of 2,589.3, the previous record.

Investors were responding to optimistic comments by Norman Lamont, UK chancellor. Lex, Page 16

Dollar

Against Sterling ($ per £)



Source: Datastream

BANKING: Foreign banks in the US are poised to win their fight against having to set up separately capitalised US subsidiaries in order to undertake investment and securities activities. Page 16

SOVIET UNION: All republics agreed to press central government for changes in the Soviet Union's handling of debt and foreign trade. Page 16

TRADE: With the Multifibre Arrangement due to expire after midnight tomorrow, a compromise 17-month extension looks imminent. Page 5

CREDIT Suisse, Switzerland's third-largest bank and biggest subsidiary of CS Holding, reported a 71 per cent rise to SFr1.326bn ($873m) in its first-half gross consolidated profit. Page 17

ASTRA, Sweden's biggest pharmaceutical company, won US approval of its Plendil drug. Last year Astra earned SKr188m in income from the sale of Plendil. Page 17

TNT, Australasian transport group, and state-owned post administrations from five countries, are joining forces to supply worldwide express services. The combined group will have revenues of $1bn during its first year. Page 17

BARRATT Developments, UK's third largest housebuilder, saw its stock market value halved after warning that it could make a £100m loss for the year and will pass its final dividend. Page 17; Lex, Page 16

BUDGENS, UK food retailer whose institutional shareholders recently installed new management, announced a placing to raise £21.7m net. It reported an annual pre-tax loss of £14.7m, compared with an £11.8m profit last year. Page 18; Lex, Page 16

SWISSAIR made a net loss of SFr97m ($64m) in the first six months but expects a better result for the year than the SFr4.3m net profit seen last year. Page 18

HAZLEWOOD Foods is making an agreed offer worth $58.2m for Sutherland, rival food group, to form an enlarged company concentrating in the UK on supplying own-label goods to supermarkets. Page 18

AKZO, Dutch chemicals group, said it plans to buy a US polyester-tyre yarn factory from Goodyear, US tyre company, for $105m. The plant is Akzo's first production facility in North America for industrial fibres. Page 21

New York grand jury indicts bank, founder and chief executive

BCCI $20bn fraud charge

By Alan Friedman in New York

THE Bank of Credit and Commerce International, its founder, and former chief executive were charged in the US last night with swindling up to $20bn from depositors around the world through fraud, falsifying bank records, illegal money laundering and larceny.

In the first criminal proceedings against the bank since the worldwide move to shut it down on July 5, a New York grand jury brought criminal indictments against BCCI, Mr Agha Hasan Abedi, its founder, and Mr Swaleh Naqvi its former chief operating officer.

The indictments, which follow a two-year investigation by Mr Robert Morgenthau, the Manhattan district attorney, charge the bank, four of its affiliates and Messrs Abedi and Naqvi with what was described as "the largest bank fraud in world financial history."

Mr Morgenthau said he was seeking the extradition to the US of Mr Abedi from Pakistan and Mr Naqvi from Abu Dhabi. They both face prison terms of up to 25 years if convicted while BCCI and its affiliates face forfeiture actions and multi-million dollar fines.

In a separate move, the Federal Reserve Board yesterday said it has begun a civil action against BCCI Holding of Luxembourg, BCCI subsidiaries and affiliates in Luxembourg and the Cayman Islands and individuals associated with BCCI for violations of US banking laws.

The action calls for a $200m fine against BCCI and its related banks and a permanent ban on any involvement with US banks by Mr Abedi, Mr Naqvi, Mr Kamal Adham, the former head of Saudi intelligence, Mr Gaith Pharaon, the Saudi investor, and five other individuals. The New York indictments represent the first wide-ranging action against BCCI and its top officials in the United States. In early 1990 the bank's Florida subsidiary was allowed to make a plea bargain settlement on charges of drug money laundering. Five officials of the bank were also convicted in the Florida case.

In announcing the indictments, Mr Morgenthau said the bank and its top officers used fraud to obtain more than $20bn from depositors, of which "upwards of $5bn has been lost through this fraud."

Mr Morgenthau said they "systematically falsified the capital structure of BCCI to make it appear as though it was a solvent, profitable bank secured by the backing of wealthy businessmen from the Middle East. In fact, much of the bank's capitalisation and assets were fictitious and its backing illusory."

BCCI, he said, "created the appearance of respectability by persuading world leaders to appear with them and defrauded their thousands of depositors, both small and large, who relied on that appearance of respectability."

The Fed's enforcement action was based on what it termed evidence of secret contractual arrangements made between senior officials of BCCI and nominees, including Mr Pharaon and Mr Adham. The arrangements were designed to allow BCCI to secretly acquire, in the names of these and other individuals, shares of Credit and Commerce American Holdings, the parent company of the National Bank of Georgia in Atlanta and First American Bancshares in Washington.

Mr Morgenthau said he began his investigation in 1989 after a Congressional investigator brought him allegations of money laundering and of BCCI's secret ownership of First American, the bank that is chaired by Mr Clark Clifford, the former US defence secretary. Mr Clifford and Mr Robert Altman, the president of First American, have said they knew nothing of BCCI's secret ownership of the bank.

BCCI shutdown, Page 6

Yeltsin to join some meetings during summit

By John Lloyd and Leyla Boulton in Moscow

THE LEADERS of the Soviet Union's two biggest republics are to join several of the formal summit meetings between President Mikhail Gorbachev and President George Bush, who arrived in Moscow late last night.

The involvement of Mr Boris Yeltsin, president of the Russian republic, and Mr Nursultan Nazarbayev, president of Kazakhstan, is a symbol of the new consensus between Moscow and the republics on which Mr Gorbachev's constitutional and economic reforms are now based. Mr Bush will also end his three-day visit with a brief trip to Ukraine.

The centrepiece of what both countries have called the the "first summit of the post-Cold War era" will be the signing of the Start treaty – cutting strategic nuclear weapons by 30 per cent – which was initialled by US and Soviet representatives in Geneva yesterday. The treaty is the first which cuts, rather than merely limits, nuclear weaponry.

In spite of the role of the republics' leaders at the summit, the fragility of the consensus with Moscow was demonstrated when Mr Yeltsin issued a warning to Mr Gorbachev that any attempt on his part to annul a Russian presidential decree banning parties from work places would "open a new chapter in the battle of laws" between them.

Contradicting a statement by Mr Vitaly Ignatenko, the presidential spokesman, Mr Yeltsin said he would attend formal occasions during the summit, but would negotiate separately with Mr Bush and "continue the dialogue we began in Washington".

Apart from the Start treaty issue, the relatively lengthy periods put aside for negotiations in presidential retreats or scheduled strolls round the Kremlin will be filled by discussion on other subjects. These will include the Middle East, the future of Soviet-Cuban relations and the economic and technical assistance the Soviet Union can expect after the Group of Seven industrial countries agreed to help Soviet economic reform in London 10 days ago.

The G7 follow-up begins tomorrow when Mr Norman Lamont, the UK chancellor of the exchequer, arrives in

Continued on Page 16

Republics join forces, Page 2
Running to stand still, Page 14
Editorial Comment, Page 14

President George Bush and his wife Barbara leave Washington yesterday for Moscow

EC offers to send more unarmed observers to Yugoslavia

By David Buchan in Brussels and Laura Silber in Belgrade

THE European Community yesterday signalled a deeper involvement in the crisis in Yugoslavia by offering to increase the scope and number of its ceasefire observers, provided all the warring sides in the country agreed.

But EC leaders insisted that their offer to quadruple the number of EC-led observers and send them into the republic of Croatia – but attached to joint patrols of the Yugoslav army and the Croatian national guard – must get prior approval from the Croat and Serb governments.

Yugoslavia also broached its detiorating financial situation at yesterday's meeting. The National Bank of Yugoslavia has said it will ask the Paris Club for rescheduling on $1.3bn which fall due to western governments this year.

The EC already has a 50-member observer team in Yugoslavia monitoring the withdrawal in the western republic of Slovenia, of federal troops to their barracks.

Along with Croatia, Slovenia declared its independence on June 25.

To obtain consent for sending in more observers, Mr Hans van den Broek, foreign minister of the Netherlands, which currently holds the EC presidency, said he would again lead the EC ministerial troika to Yugoslavia this weekend. An advance EC mission is to leave today.

The latest initiative came after several hours of talks in Brussels between foreign ministers of the EC, and Mr Ante Markovic, the Yugoslav prime minister, Mr Budimir Loncar, the federal foreign minister, and the federal presidency representatives of Bosnia and Macedonia, two republics regarded as relatively neutral in the Serbo-Croat ethnic conflict.

The Brussels initiative now awaits sanction from Croatia and Serbia.

Mr Markovic made what Mr Douglas Hurd, the UK foreign secretary, termed "a moving appeal for the Community not to allow Yugoslavia to become another Lebanon".

This theme was taken by Mr Jacques Delors, the Commission president, who is setting

Continued on page 16

Yugoslavia requests rescheduling of debt, Page 2

Allianz increases holding in Dresdner Bank to 23%

By Katharine Campbell in Frankfurt

ALLIANZ, Europe's leading insurance group, will today announce that it has increased its holding in Dresdner Bank, Germany's second largest bank, to 23 per cent.

The size of the shareholding comes as a surprise, although it had been assumed that the insurer had for years held between 10 and 15 per cent of Dresdner. Mr Wolfgang Röller, chief executive of Dresdner Bank, revealed to shareholders at the annual meeting in May that his bank had accumulated 10 per cent in Allianz, but gave no indication that Allianz's reciprocal stake was as large.

At current stock market prices, Dresdner's stake in Allianz, of around DM4bn ($2.2bn) is still worth considerably more than Allianz's 23 per cent in Dresdner which, at the present share price, is valued at approximately DM3bn ($1.7bn).

Allianz, which said it did not wish to comment on any aspect of the move ahead of today's annual press conference, has apparently topped up its stake steadily over recent months. German companies are not required to disclose shareholdings of below 25 per cent. Industry analysts could not explain Allianz's intentions, as the stake appears excessive if only intended to cement the existing policy of co-operation.

Dresdner and Allianz have operated a cross-selling agreement for two years, whereby around half of Dresdner's branches – concentrated in central Germany – sell Allianz insurance products, and Allianz salesmen offer the bank's products. Although no figures are available for returns from the arrangement, they are not thought to be very high.

Allianz is Dresdner Bank's largest shareholder by a clear margin. The bank's shares are otherwise widely held, apart from a 10 per cent stake through a holding company respresenting 10 large German industrial names (which Dresdner Bank does not identify).

Analysts rule out that Dresdner has felt it necessary to seek a friendly alliance to bolster defences against a hostile approach. If Allianz had accumulated more than 25 per cent, it would have achieved a blocking minority. A number of important strategic decisions, such as capital increases, require 75 per cent of the vote.

This would undoubtedly have raised broad political and competition concerns – although the cartel authorities, under new powers, can also investigate some situations below the threshold. Dresdner and Allianz have recently held talks with the Berlin cartel office, which says it has yet to decide whether there should be an inquiry.

Allianz may be pleased to divert attention from its senior management crisis, following the announcement that Mr Friedrich Schiefer, the finance director, will quit after he had been set to take over as chief executive in October.

CONTENTS

The first welfare state waits to undergo major surgery

New Zealand's finance minister Ruth Richardson is expected to introduce sweeping changes to the country's welfare state in today's budget. But the prospect of reform is alarming many New Zealanders

Page 4

MARKETS

STERLING
New York lunchtime:
$1.67655
London:
$1.6745 (1.687)
DM2.935 (2.9325)
FFr9.98 (9.9825)
SFr2.565 (2.5575)
Y231.25 (232.5)
£ Index 90.7 (90.9)

GOLD
New York: Comex Aug
$363.4 (366.3)
London:
$365.2 (364.7)

N SEA OIL (Argus)
Brent Sep
$19.525 (-0.15)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime:
DM1.7513
FFr5.9555
SFr1.531
Y138.105
London:
DM1.753 (1.7385)
FFr5.96 (5.9175)
SFr1.5325 (1.5155)
Y138.15 (137.80)
$ Index 66.8 (66.6)
Tokyo close: Y138.1

US LUNCHTIME RATES
Fed Funds: 5¾%
3-mo Treasury Bills: 5.73%
Long Bond: 97 3/16
yield: 8.375%

STOCK INDICES
FT-SE 100:
2,596.0 (+5.7)
FT Ordinary:
2,011.3 (+7.8)
FT-A All-Share:
1,238.79 (+0.2%)
New York lunchtime:
DJ Ind. Av.
2,967.58 (-4.92)
S&P Comp
380.65 (-0.28)
Tokyo: Nikkei
23,443.58 (-75.49)

LONDON MONEY
3-month Interbank:
11 1/8% (11 1/16%)
Liffe long gilt future:
Sep 92 3/16 (Sep92 1/16)

EUROPEAN NEWS

Yugoslavia seeks to reschedule $1.3bn debt payments

By Laura Silber in Belgrade

YUGOSLAVIA'S federal government yesterday asked the Paris Club to reschedule $1.3bn of foreign debt payments due this year following the sharp drop in foreign currency earnings. Mr Zarko Trbojevic, vice governor of the national bank, said the request for rescheduling amounted to 60 per cent of principal payments due to foreign governments this year.

The request is aimed at making up for declining hard currency reserves. They totalled $10bn last year, but have fallen to $4.7bn.

The authorities are also seeking a refinancing of $4.6bn in principal and interest owed this year to western commercial banks.

The federal government, which owes about $3.2bn, has guaranteed 80 per cent of the Yugoslav foreign debt of $14.6bn. But the six republics also have a share of the total external debt and agreement between the federal government and the republics on how these debts will be repaid has still to be reached.

Despite this, Mr Trbojevic yesterday emphasised that Yugoslavia would honour "all other obligations, principals, and interest.... which are being fulfilled regularly". Yugoslavia owes $3.3bn to the IMF, the World Bank, and other multilateral institutions.

"Reserves dropped in the first half of this year, and a further decline is indicated," Mr Trbojevic said. "The drop is not only due to the lack of foreign financial support, but results from the fall in currency earnings in all areas: exports, tourism and remittances [from guestworkers abroad]."

Receipts from tourism account for 5 per cent of GDP, but "hidden" income earned from tourism exceeds $8bn. Since May, following the escalation of ethnic violence, there has been an 80 per cent fall in tourism.

The collapse of tourism will hit Croatia, whose Dalmatian coast was a lucrative hard currency earner.

Russia recognises rebel republic in return for Kaliningrad guarantees

Yeltsin agrees historic pact with Lithuania

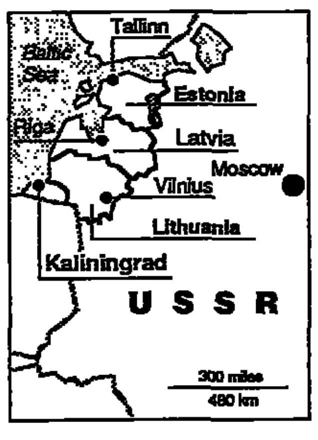
By Leyla Boulton in Moscow

MR Boris Yeltsin, the Russian president, yesterday signed an unprecedented treaty with Lithuania, securing rights for Russians living in the breakaway Baltic republic and guarantees for the economic survival of the Russian enclave of Kaliningrad.

The agreement, concluded in Moscow with Mr Vytautas Landsbergis, the Lithuanian leader, also recognises the Lithuanian declaration of independence rejected by the Soviet government.

The 10-year treaty represents a diplomatic coup for Mr Yeltsin in that it sets out a model for a negotiated settlement with Lithuania that has so far eluded the Soviet government. The latter has instead talked of the need for a political settlement while apparently sanctioning violence against the republic in the form of raids on its border posts.

It coincided with the announcement of a protocol signed by all 15 Soviet republics, including those which want independence from the Soviet Union, effectively setting up a lobby group on foreign economic policy with which to press demands on the Soviet government. Under the protocol, the 15 republics, have agreed to divide up the Soviet foreign debt among each other, and plan to demand the sharing out of western credits to the Soviet Union. The 15 have also demanded that the government cancel new taxes on imports and exports from and to the Soviet Union.



The Russo-Lithuanian treaty, concluded after months of sometimes tense negotiations, effectively calls on the Soviet Union to renounce Stalin's 1940 annexation of Lithuania by saying this would help confidence building between the two sides.

Mr Algis Cekuolis, a member of the Lithuanian delegation, described the treaty as "the best news from Moscow in 50 years." He quoted Mr Yeltsin as saying he planned to press President Mikhail Gorbachev to push forward the Soviet talks with Lithuania.

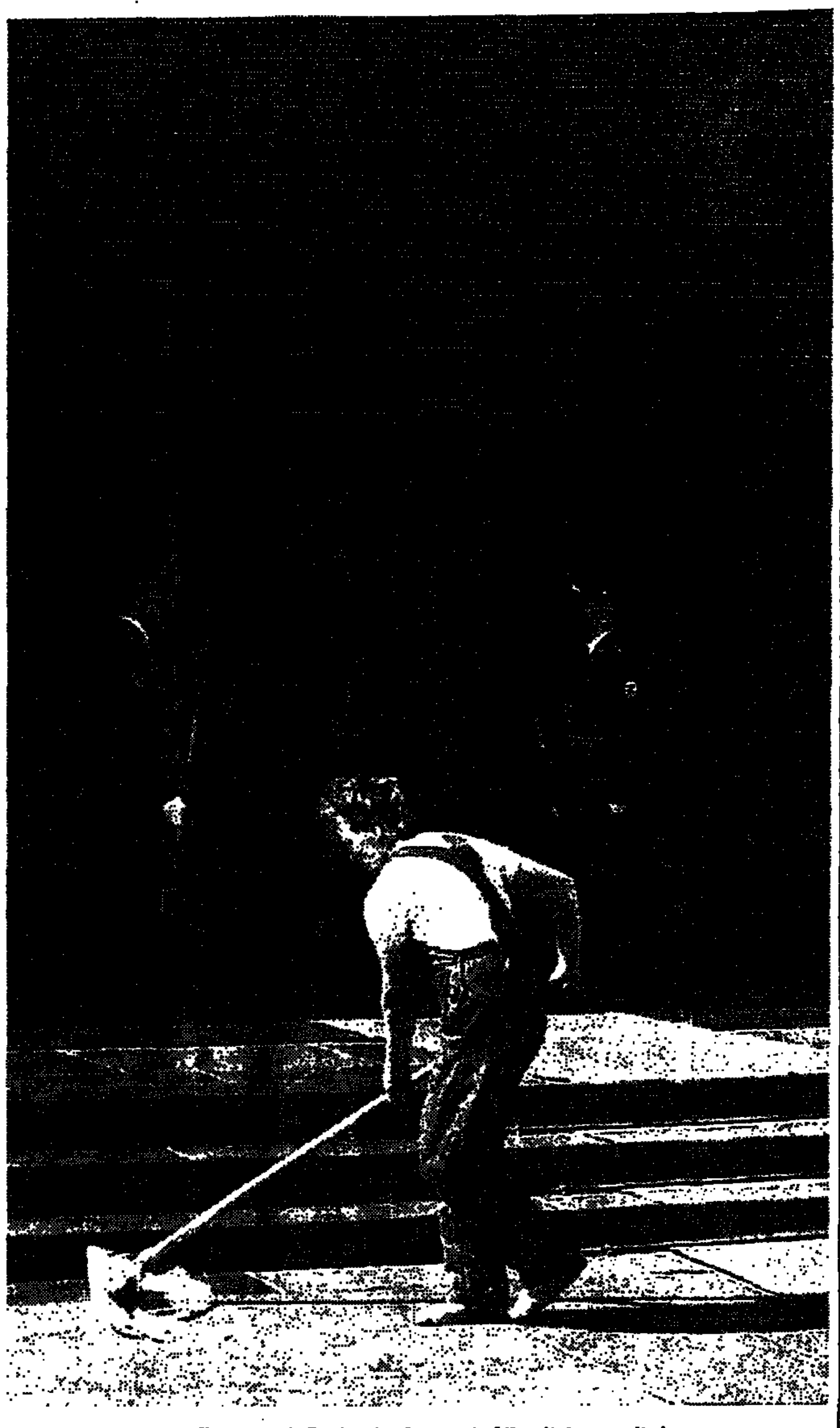
In a clear rejection of the Soviet coup attempt in Lithuania in January, the treaty also pledges Russia and Lithuania to reject the use of force and to behave in ways conforming with international law.

Lithuania also agrees to secure equal rights for the Russian minority on its territory, while the two sides intend to conclude inter-governmental agreements on finance, trade, customs and transport and other areas in a list described as open-ended.

A separate five-year agreement spells out guarantees for the future of Kaliningrad region, formerly German Königsburg, which is separated from the rest of Russia by Lithuania and has been used as an argument against Lithuanian independence.

Lithuania undertakes to supply Kaliningrad with natural gas and electricity with the help of Russian energy supplies, as well as to guarantee the economic and cultural survival of the region. It says Lithuania and Russia will also considering building a new gas pipeline for supplies to the Kaliningrad region.

Lithuania promises to allow the free flow of goods and people to and from Kaliningrad, effectively establishing a Russian corridor for access to and from Kaliningrad.



A Moscow sweeper applies a mop to Lenin's tomb as part of the city's summit clean-up. President Bush, who arrived in the Soviet capital last night, will tour Red Square, site of the tomb, today

Equipment delays slow radio phone plans in Germany

By David Goodhart in Bonn

EUROPE'S 18-nation unified digital radio telephone system is experiencing a difficult birth in Germany and is unlikely to be widely available in the country until next year.

Equipment problems are delaying the public sector German service, provided by Telekom, and the private sector rival, led by Mannesmann, both of which had hoped to be operating by the summer.

The two rivals are also embroiled in a row over the pricing of the telephone lines Mannesmann has to rent from Telekom. The outcome will crucially influence the profitability of the private system.

Mr Christian Schwarz-Schilling, the post minister, has been in the difficult position of adjudicating between Telekom, owned by his own ministry, and Mannesmann. An independent committee recommended that Telekom's leased lines, four times more expensive than the OECD average, should be reduced in price by 60 per cent for Mannesmann.

The minister broadly agreed but said the reduction should only be 54 per cent in view of the extra costs Telekom is having to bear in east Germany. Telekom has rejected the minister's recommendation and has until the end of August to come up with a new offer.

If it fails to do so, the dispute will go to the Post Ministry's infrastructure council of politicians which meets in early September. From there, the dispute could go to the cabinet.

Mannesmann would like even lower charges for leased lines but will accept the 54 per cent reduction. Telekom argues that it desperately needs cash for east Germany and warns that other customers will demand similar reductions on leased lines.

Mr Schwarz-Schilling rejects the latter argument, saying that Mannesmann's mobile telephone system is obliged to offer a nationwide service which other Telekom customers are not.

Telekom has in fact started operating in a few towns and the two German services are not expected to provide a comprehensive coverage of the country until as late as 1994. By that time, the system should also be well established in Britain and France and other European countries.

Mannesmann is currently doing final tests but, like Telekom, has had problems with its equipment suppliers. The companies – Motorola, Siemens, Bosch and others – claim they have not had enough time because the final unified standards for the equipment were only worked out at the start of this year.

More management buy-outs urged

By David Goodhart in Bonn

THE competitive structure of the German economy will suffer if east Germany becomes the "land of (west German) subsidiaries", according to Mr Wolfgang Kartte, president of the German Cartel Office.

He said in a newspaper interview that management buy-outs should be given more of a chance in east Germany, especially to help build a network of small and medium-sized companies.

"Management buy-outs must be given a chance even if that means that managers from the old regime are given a new chance, too," Mr Kartte said.

The Treuhand privatisation agency has organised about 500 management buy-outs but many have been very small employing less than 50 people.

Mr Kartte said that 16 officials from the Cartel Office were helping in the five new länder (states) with the return of small companies nationalised in 1972. According to the Association of Self-Employed Businessmen there are still 15,000 such businesses which have not been returned to their owners.

● The new east German state of Saxony has decided to keep more than half the judges and public prosecutors who worked in the state in the service of the East German regime.

Saxony is the first of the new states to complete a review of senior law officers.

Mr Steffen Heitmann, a leading dissident in the former East Germany and now Saxony's justice minister, said judges who were clearly associated with political punishment have not been kept.

He added, in an interview with the news magazine Der Spiegel, that: "Of course, all judges and public prosecutors in East Germany were representatives of the regime. So one could argue that they should all be out on the streets. But I believe that the rebuilding of a system of justice in east Germany should not be completely dominated by west German lawyers."

Longest suspension bridge to go ahead

By Hilary Barnes in Copenhagen

THE WAY has been cleared for Denmark to sign a contract with a German-Italian consortium to build the world's longest suspension bridge, across the Great Belt entrance to the Baltic, linking the east and west parts of the country.

This follows an interim judgment in Denmark's favour by the International Court in a dispute with Finland over the bridge.

The Finns claim that the bridge will infringe Denmark's international treaty obligation to allow passage of all shipping through the straits.

The bridge, which will have a clearance of 65 metres, will prevent the Finnish shipyard Rauma Repola from taking the jack-up oil drilling rigs it manufactures through the straits.

The court unanimously rejected the Finnish demand that construction be stopped until a final judgment of the dispute. This it expected to deliver in 1994, before the bridge becomes an actual physical hindrance to passage of the straits.

The court emphasised that its interim ruling in no way pre-judged the final outcome of its deliberations.

Mr Poul Schlüter, the Danish prime minister, welcomed yesterday's ruling and said that he had earlier urged the Finnish government to seek practical solutions to the problems caused by the bridge. The offer of negotiations was still open, he said.

A/S Storebaelt, Denmark's state-owned bridge company, is negotiating with a German group headed by Hochtief and an Italian one headed by CMF Sud for a contract to construct the 6.8km bridge, which will have a suspended section of 1,640m. The value of the contract is expected to be around DKr6bn ($884m) - DKr7bn ($1,031m).

Mr Mogens Bundgaard Nielsen, the company's managing director, said he hoped to be able to sign a contract next month. The permanent link across the Great Belt has two other sections. Both are already under construction.

These are a rail-and-road bridge to a mid-belt island and a rail-only tunnel under the east side of the belt. The total cost of the project is about DKr19bn. It will be financed by user-charges.

Labour shortages on French horizon

By George Graham in Paris

FRANCE'S population could be ageing more swiftly than expected, leading to a possible labour shortage and to a greater burden on the health and pensions systems in the next century, according to a collection of studies published by Insée, the state economics institute.

Yet labour shortages may coexist with high unemployment as a result of the structural rigidities in the French job market, the studies warn.

The active population of France is likely to continue to increase up to the year 2005, according to a study by Mr Didier Blanchet and Mr Olivier Marchand in the Insée collection. From then on, however, it will diminish regularly, dropping back to the same level as 1985 by the year 2025 if fertility remains at its current rate of 1.8 children per woman.

The resulting shortage of manpower could leave room for 142,000 immigrants a year in the first decade of the 21st century, rising to 148,000 a year in the second, and 180,000 a year in the third, Mr Blanchet and Mr Marchand conclude.

Alternatively, lifting the retirement age by 2.5-3 years would be enough to maintain the size of the workforce, they argue. An increase in the number of women working could delay the labour shortages, but only by around 15 years.

Mr Blanchet and Mr Marchand note, however, that whereas in the 1960s and 1970s immigration readily filled the need for unskilled labour, the next century will present shortages of more highly qualified labour. Immigrant labour could only be restricted to these more qualified categories by the operation of strict and possibly unworkable quotas, they say.

The conclusions of the study, which represent the authors' own views and not those of the state institute, have provoked a vigorous political reaction in France, where both the right-wing opposition and the socialist government have recently sought to win votes away from the extremist National Front of Mr Jean-Marie Le Pen by toughening their rhetoric on immigration.

The right-wing Parti Republicain, which has taken the lead on the right in arguing for new immigration quotas, called the Insée study "a real provocation".

Economie et Statistique No.243: Horizon 2000 (Insée, CNGP BP 2718, 80027 Amiens Cedex, France).

EC looks at Swedish entry bid

EUROPEAN Community foreign ministers asked the Brussels Commission yesterday to begin examining Sweden's application for EC membership, officials told Reuter in Brussels. Mr Ingvar Carlsson, Sweden's prime minister, made the application on July 1.

The examination is the first stage in the long process which could lead to Sweden being admitted to the Community – but not until 1995 at the earliest.

The Commission is not expected to advise EC governments on whether to open membership negotiations with Stockholm until after conclusion of an intergovernmental conference to map out political union.

Some EC member states fear that Swedish neutrality will be incompatible with ambitions to forge a common foreign and security policy.

UN mediators for talks in Cyprus

A UN mediating team arrived in Cyprus yesterday for the latest round of contacts between Greek and Turkish Cypriots in the island, divided since 1974, Reuter reports from Nicosia. The officials arrived fresh from exploratory talks in London, Ankara and Athens.

EC goes fishing in Norwegian waters

By David Buchan in Brussels

THE European Community yesterday put new demands to the European Free Trade Association (Efta) in the great "cash-and-cod" dispute which is holding up agreement on a 19-nation common economic zone in Europe.

In a last effort for a political breakthrough before the summer break, Mr Frans Andriessen, the EC external affairs commissioner, was last night "sounding out" Mr Pertti Salolainen, trade minister of Finland, which holds the Efta presidency, on demands by EC ministers for grants from Efta rather than loans, and for increased amounts of Norwegian cod for EC fishermen.

Spain and Portugal rejected the suggestion by Mr Andriessen that the EC increase its demand for a "cohesion fund" to help poorer EC states to Ecu2bn ($2.32bn) in loans over five years, with an interest rate subsidy worth Ecu1bn. Arguing that they needed outright grants, rather than soft loans they could obtain elsewhere, the Iberians effectively sent Mr Andriessen off to see what level of grants he could wrest from Efta.

The EC said it wanted Norway to give Community fishermen 3 per cent of its total catch, amounting to a further 9,300 tonnes of cod equivalent in 1993 and possibly rising to 21,000 tonnes by 1997. This is substantially above the latest Efta offer of 2 per cent extra, or 6,200 tonnes in 1993 and perhaps 14,000 tonnes by 1997.

Another internal EC squabble turns on the Iberians wanting virtually all the extra Efta fish for themselves, and the UK's desire for a share. Even if the cash and cod row can be settled, the remaining issue of freer access for EC trucks across Switzerland and Austria, two of Efta's seven members, will be left to autumn.

● Prospects for a still wider European economic network involving eastern Europe were discussed at yesterday's meeting of EC foreign ministers. But the Commission was given no signal that would allow it to soften its stance radically in negotiating association accords with Poland, Czechoslovakia and Hungary. The latter have accused Brussels of unbending trade protectionism, though Mr Jacques Delors, the Commission president, pointed out that the EC had provided 78 per cent of all western aid going to eastern Europe.

Bonn to act over illegal Romanian immigrants

By Leslie Colitt in Potsdam

THE German government is expected to act today to deal with the tide of asylum-seekers from south-east Europe seeking to cross from Poland into east Germany, a land of plenty to them.

Mr Bernd Aischmann, deputy spokesman of the state government of Brandenburg which borders on Poland, said that about 15,000 people, mainly gypsies from Romania, were camped on the Polish side of the border waiting to illegally enter east Germany.

Each day about 60 immigrants cross the Oder river on boats into Brandenburg at night. Many are guided by smugglers or wade across the shallower Neisse river into the state of Saxony. An 11-year-old Romanian girl drowned recently while fording the Neisse with her family.

The ragged line of German border police in the east is unable to stem the flow.

The asylum-seekers, who do not need visas to enter Poland, are mostly Romanians with some Bulgarians and Russians. The smugglers frequently work with underpaid Polish customs officials who are bribed to allow the refugees across.

When picked up by the German authorities most of the immigrants are brought to reception camps. Most of the Romanians readily admit to the German authorities that they have come for jobs and food and not for political reasons. This virtually eliminates their chances of being allowed to stay permanently.

Mr Aischmann said that Germany would not introduce visas for the easterners. "In a uniting Europe this would be politically impossible," he insisted.

Sweden's working women enjoy a baby boom

Famous welfare state boasts Europe's highest female employment and fastest growing birth rates, writes Robert Taylor

SWEDEN's birth rate is the fastest-growing in western Europe. Swedish women are having 2.13 children each, surpassed in western Europe only by Iceland (2.3) and Roman Catholic Ireland (2.17). It is Sweden's highest fertility rate since the early 1960s.

This is happening in a country where women can have free abortions on demand up to the 18th week of pregnancy and every form of birth control device is available at low cost. Sweden is overwhelmingly secular and the nominally-dominant Lutheran church holds no doctrinal objection to family planning.

Thus are confounded the innumerable gloomy critics who love to argue that the famed Swedish welfare state has undermined the traditional morality of the nation.

The two-child family is now the norm in Sweden. "Having several children may have acquired an increased prestige value as people's economic situation has improved," argues Mr Jan Hoem at the demography department of Stockholm University.

The rising birth rate also suggests that the difficulties in the Swedish economy over the past two years have not discouraged Swedes from having babies.

At the same time there has been a rapid growth in the number of Swedish women at work. As many as 84.8 per cent of women with children under the school-starting age of 7 years were in the labour market last year, working an average of 26.5 hours a week, compared with 35.4 hours for men.

Sweden thus combines the highest female employment activity rate in western Europe with the highest growth in birth rate.Indeed, Swedish social policy has sought both to underpin families with children and enable women to play a full part in the labour market.

There appears to be a clear social pattern for Swedish women – they get educated, find a job and then have their children without losing their job. As a result, the mean age of a woman having her first baby in Sweden is more than 28 years.

Mr Hoem says: "I know of no other country with a similar political system and at a comparable stage of industrial development that has so consistently tried to facilitate women's entry into the labour market and their continued attachment to it at a minimal cost to child-bearing and child-rearing."

Women benefit from the comprehensive and generous welfare benefit system that has evolved over the past 20 years which is designed to support the family structure.

In the current financial year an estimated Skr56bn ($8.73bn) around 13 per cent of total budget expenditure, is being provided for families with children. It includes SKr13bn in grants for child-care facilities.

This year the child allowance has been increased by SKr2,280 to SKr9,000 per child as part of a reform of the tax system. Families with more than two children receive a supplementary allowance.

On top of this the state provides parental leave benefit payable for 15 months for the birth or adoption of a child. For the first 360 days this means receiving payments up to 90 per cent of previous income with a ceiling of SKr241,500. These benefits can be utilised at any stage before the child reaches the age of 8. In the case of multiple births, there is an additional 180 days per child. The benefit is payable to either parent.

By extending the parental leave with other forms of leave, parents would still be eligible for the benefit for a second child without having to return to work. "With an eligibility as long as two years or more, many parents find it manageable to have two children sufficiently closely spaced to take advantage of the benefit," says Mr Hoem.

On top of the family allowance and parental leave benefit there is also what is called the "occasional parental benefit" for the care of sick children amounting to 60 – in certain cases 120 – days per child per year. The child has to be 12 years or less to receive this support. The entitlement amounts to 80 per cent of income for the first 14 days per child per year. A father is allowed to have the benefit for 10 days per child around its birth or adoption.

It is estimated that around 60 per cent of pre-school children are in some form of child care centre at a total cost to the state of SKr29.7bn in the last financial year.

As Hoem argues this all amounts to a "low-key and largely indirect pro-natalism".

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AMERICAN NEWS

Fujimori marks first year with $403m loan deal

By Sally Bowen in Lima

PERU claims to have returned to the international financial fold with the signing of a $403m (£240m) credit from the Latin American Reserve Fund, the country's first significant loan for several years.

The loan, signed at the weekend, is repayable over four years with one year's grace. It will be used to support Peru's balance of payments.

Signing of the loan came ahead of President Alberto Fujimori's address to the nation on Sunday, the first anniversary of his assuming the presidency.

In his assessment of the year's achievements, Mr Fujimori claimed "the worst is behind us now" and hailed the new credit as a sign of Peru's re-entry into the international mainstream.

Mr Fujimori said the tough economic stabilisation programme he launched last August had won the backing of Mr Michel Camdessus, the International Monetary Fund's managing director.

All that remained, he said, was for the IMF board to ratify Mr Camdessus' approval, and this could open the way for new funding from the international financial institutions.

The loan, and the hope of eventual assistance from the IMF, come at an important time for Peruvians, weary of fiscal austerity.

The government's refusal to print money to meet public-sector wage demands, while continuing current payments to the multilateral organisations, has brought vociferous opposition calls for another moratorium on payment of Peru's $22bn external debt in favour of spending at home.

Mr Fujimori admitted that "impressive achievements" in his first year were few. Inflation, down from almost 50 per cent a month when he took office to 10, is "still not acceptable but a good signal for foreign investors and for Peruvian capital being repatriated".

Fujimori: 'Worst behind us'

The increase in international reserves, from a negative figure last July to today's $700m, means that the economy is less vulnerable, Mr Fujimori claimed.

● Japan's foreign ministry yesterday advised Japanese not to travel to Peru because of recent murders of Japanese and Japanese-Peruvians by guerrillas, AP reports from Tokyo.

"The government hopes Japanese will refrain from travelling to Peru for the time being if there is no urgent necessity," the ministry said.

A ministry official said the ministry had made a similar request on July 19, and issued the new advice because of an escalation in terrorist acts.

He said an estimated 2,000 Japanese live in Peru and 487 others were visiting the South American nation, although some left temporarily after guerrillas murdered three Japanese agricultural engineers in early July.

Grenada sentences highlight hanging debate

Canute James looks at the capital punishment questions being discussed in Caribbean legislatures

PERSISTENT reports in Grenada that five people will soon be hanged for the murder of former prime minister Maurice Bishop and several of his cabinet colleagues have highlighted the debate about capital punishment in the Caribbean.

The 1983 coup in which Bishop died gave the US a pretext for invading the island.

The five, part of a group of 14 whose death sentences were upheld recently by the island's appeal court, include Mr Bernard Coard, a former deputy prime minister, and four former army officers. The last hangings in the island were in 1977, and the rusted gallows was being oiled and cleaned over the weekend.

A committee which decides on mercy for the condemned has reported to the government amid rumours that the island's cabinet is divided on whether the executions should go ahead. While there appears to be strong support on the island for the executions, the government is coming under pressure from abroad not to carry out the sentence.

In the latest twist in an agonising debate in the region, Caribbean, North American and European organisations have been urging the Grenadian administration, and others in the region, to abolish the death penalty for murder.

The Legislative Assembly in the Cayman Islands last month rejected an attempt by a backbencher to restore capital punishment in the British dependent territory. The vote followed several weeks of debate sparked by the British decision to replace the death penalty for murder with life imprisonment in its Caribbean possessions – Anguilla, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands.

Questions about the death penalty are preoccupying other parts of the Caribbean.

The arguments have been as trenchant in Jamaica, which is plagued by violent crime, as they were in the neighbouring Cayman Islands (death row population: four), where serious crimes are a rarity.

Many governments in the region's independent countries and in the colonies continue to regard capital punishment as a deterrent, but have discovered that the arguments against are becoming increasingly passionate and popular.

Mr H Lavity Stoutt, chief minister of the British Virgins, said he was unhappy with the British decision, and had written to the secretary of state protesting at the decision and requesting that the matter be reviewed. Mr Stoutt said the death penalty had been a "most effective deterrent" to violent crime in the small countries of the Caribbean.

Bernard Coard: former deputy PM now on death row

He has had support from Mr Emile Gumbs, chief minister of Anguilla, who argued that the territories should be allowed to make the decision about retaining or abolishing the death penalty. "The death penalty is a deterrent and if it was ever carried out here it would be a very traumatic experience," said Mr Gumbs. "It would certainly be a strong deterrent to anyone contemplating murder."

In Bermuda, a self-governing colony, the hangman has been inactive for the past 14 years, but in a referendum last year, in which only a third of registered voters participated, there was overwhelming support for keeping the death penalty.

The Jamaican government, caught up in the debate, appears at a loss about what to do with over 260 men on death row, several of them awaiting execution for years.

Earl Pratt and Ivan Morgan are the two men are at the centre of the latest round in the debate. They have spent 12 years on death row in Jamaica's St Catherine District prison. Warrants for their execution have been issued on three occasions, most recently in March. Each time, however, they have been granted a stay.

The issuing of the warrants has fired passionate debate across the region about the effectiveness and the morality of capital punishment. In Jamaica, the debate is mired in questions about the country's adherence to international conventions and about the state of the local judicial system.

Four years ago the United Nations Human Rights Commission recommended to the government that since Pratt and Morgan had spent just under four years on death row before the local Appeal Court had provided written reasons for dismissing their appeal, they should not be hanged.

"The United Nations Commission has declared that our country's courts fouled up badly in the legal process," argues Mr Frank Phipps, president of the Jamaica Bar Association. "As a result of the deficiency in the justice system, the men were deprived of their human rights."

Local human rights groups have commented on the effects on the judicial system of the poor state of legal aid, and the intimidation (sometimes the murder) of key witnesses.

The Jamaican government is rethinking the types of murders for which death will be the penalty. Thirteen years ago, when party whips withdrew to allow a free parliamentary vote on the death penalty, the day was carried by those wanting it retained.

But if Mr K D Knight, Jamaica's national security minister, has his way, a definitive decision on Pratt and Morgan, and their 260 colleagues, is not far away.

"When the accused has gone through the due process of law and is found guilty of such a dastardly and inhuman act [as murder]," says Mr Knight, "he should be as quickly as possible despatched, having forfeited his right to live. Rehabilitation for him must be elsewhere than on earth."

US consumption and income up in June

By Michael Prowse in Washington

THE Commerce Department yesterday reported solid gains in US personal income and consumption in June, reassuring evidence that a modest economic recovery is under way after disappointing figures last week.

Personal income rose 0.5 per cent for the second month running, mainly as a result of the stabilisation of employment and an increase in the number of hours worked. Wage and salary income registered a robust 1 per cent increase from May.

With the personal savings rate steady at 3.5 per cent of incomes, higher incomes led to a 0.5 per cent rise in personal consumption. Spending on durable goods rose 1.9 per cent.

In the second quarter as a whole, real consumption spending grew at an estimated annual rate of 3.6 per cent, a sharp rebound after falls in previous quarters. But weakness of investment and net exports resulted in marginal real growth of only 0.4 per cent at an annual rate.

Most analysts continue to expect a sluggish but steady recovery. A minority, however, fear a "double dip" recession with another trough in output later this year. Key economic figures for July – including consumer confidence and employment – due out this week will be closely scrutinised for signs that the momentum of recovery is flagging.

Haitian sailors mutiny against 'coup attempt'

SAILORS at the main navy base in Haiti's capital mutinied yesterday, accusing senior officers of plotting to overthrow President Jean-Bertrand Aristide, according to local radio stations, Reuter reports from Port-au-Prince.

A spokesman for the mutineers said they had arrested the officers to ensure nothing happened to prevent the trial of former interior minister Mr Roger Lafontant, due to start yesterday. He said they would hold them until President Aristide came to the base to discuss the matter.

The president has appealed to Haitians in the past week to be aware of any plots designed to stop the trial of Mr Lafontant, who is accused of attempting a coup last January to prevent Mr Aristide from taking office.

Prime Minister Rene Preval, who is also defence and interior minister, and army commander-in-chief General Raoul Cedras went to the base and negotiated with the mutineers for several hours, according to Radio Métropole, Radio Plus and Radio Antilles.

A naval officer was among 17 people arrested two weeks ago for allegedly planning an attack to free Mr Lafontant from jail.

There was no immediate information from official sources on what happened at the base in Port-au-Prince. Heavy gunfire was heard before dawn, but there were no confirmed reports of injuries. The mutineers blocked a main road. Witnesses saw some residents armed with machetes, often used for the summary execution of supporters of the former Duvalier family dictatorship, which fell in 1986.

Judge orders marshals to keep protesters from clinic

A FEDERAL judge yesterday ordered US marshals to keep protesters from blocking the entrance to an abortion clinic after more than two weeks of demonstrations that have led to more than 1,000 arrests, AP reports from Wichita.

US District Judge Patrick Kelly sent letters to Mayor Bob Knight, Police Chief Rick Stone and the US Marshals Service saying that despite Mr Knight's assurances last Friday, Dr George Tiller's clinic gate had been blocked by protesters again yesterday.

Mr Knight opposes abortion. Last week, he and the city manager issued a directive to police ordering them to make arrests using the minimum amount of force. Yesterday, the police chief said he had told his officers to prevent people standing or sitting in front of the clinic gate. "The federal marshals have requested our assistance in keeping the clinic open. We are assisting them," Mr Stone said.

Dr Tiller's lawyers obtained a preliminary injunction from Judge Kelly on July 23.

Mr Denis Amico, supervisor of the Wichita office of the US Marshals Service, refused to say how many federal officers would in all be sent. "The judge's court order will be enforced. The gates to the clinic will stay open," he said.

Yesterday, police arrested 94 protesters on loitering charges. The 1,000 or so arrests in the two weeks of demonstrations have all been for loitering. The clinic opened about 10am, shortly after police had carried away the last protester.

INTERNATIONAL NEWS

Baker expected to step up pressure on Shamir

By Judy Maltz in Jerusalem

THE US secretary of state, Mr James Baker, is expected to return to Jerusalem later this week in an effort to break down the final obstacles to Israeli participation in a Middle East peace conference.

Addressing the parliamentary foreign affairs and defence committee yesterday, the prime minister, Mr Yitzhak Shamir, expressed optimism that differences between Jerusalem and Washington over Palestinian representation in the peace conference would be resolved during the visit.

"If Baker arrives in the next few days, we will be able to conclude during his visit the matters blocking the process," said Mr Shamir.

His assessment followed a declaration by the defence minister, Mr Moshe Arens, that "in principle", Israel is ready to attend the US-brokered peace conference, which has already won Arab approval. Mr Baker's visit, announced by the foreign minister, Mr David Levy, would be his sixth to the region since the end of the Gulf war.

Israel is delaying its reply to the US on whether it will attend the conference until it receives final assurances about the composition of the Palestinian delegation. Israel opposes participation by Arab residents of Israeli-annexed east Jerusalem in the delegation, since this might call into question its sovereignty over Jerusalem. Similarly, Israel refuses to negotiate with members of the Palestine Liberation Organisation.

Mr Shamir emphasised yesterday that Israel was not prepared to compromise on this issue. The Palestinians, meanwhile, insist they be represented by residents of Jerusalem approved by the PLO.

Mr Levy urged his government yesterday not to undermine what could be a breakthrough.

"We must now advance to a meeting which will bring about direct negotiations and we must not, therefore, now raise difficulties, conditions or obstacles because we must not miss this opportunity," he said before departing for Cairo.

Singapore seeks positive role in Hong Kong

In the run-up to 1997 the government of Lee Kuan Yew is seeking more influence, writes **John Elliott**

SINGAPORE has its sights set on Hong Kong as a prime location for investment as part of a strategy to carve itself a role in the opening up of China.

It also hopes to establish some influence in the run-up to Hong Kong's return to Chinese sovereignty in 1997. It also wants to offer an alternative home for Hong Kong investment, company headquarters, and professional and skilled workers from the colony. At the same time, it is competing with Hong Kong for investment projects.

This policy of backing all possible winners has been developed in the past couple of years along with Singapore's general policy of investing and expanding abroad.

Mr Lee Kuan Yew, the country's veteran leader, is widely credited with quoting a target figure of US$2bn (£1.1bn) for Singapore investment in Hong Kong.

"With Hong Kong facing 1997, and with the prospect of leadership changes in China, no one knows what the situation will be in 2000," says Mr George Yeo, Singapore's minister for information and a minister of state for foreign affairs.

"Hong Kong needs investment confidence and we may have a role to play by helping to stabilise business *confidence. Our participation as a business partner may help others feel political risks are reduced.*"

Mr Yeo also hints at the broader aim by suggesting that Singapore could provide a "model" for how Hong Kong should behave after 1997. While China would shun British advice, he thought it might be prepared to accept British traditions and legal systems from Singaporeans.

Thus Singapore can pick up the pieces if the British colony founders as an international financial centre after 1997, or it can share in the riches if the opposite happens. Either way it gains a foothold in the main gateway to China and it is demonstrating to Beijing that it is trying to help.

It is also offsetting any offence it caused Beijing when it started offering passports to Hong Kong people after the Tiananmen Square crisis in 1989. So far it has given approval in principle for 30,000 professionals, technicians and skilled workers to move to Singapore with their families when they choose in the next five to 10 years. About 2,500 have taken up residence.

However, little progress has been made with investing in Hong Kong, apart from some property speculation, because Singapore's private sector has found few openings.

To speed up progress, the Singapore government has started an acquisition drive. The government-owned Development Bank of Singapore opened in the colony earlier this year to look for minority stakes, rather than takeovers, *that would be bought* by various government-owned companies.

Mr Richard Hu, the finance minister, has said the target areas include telecommunications, the media, entertainment, financial services and property. The media interest is primarily in satellite broadcasting and films, and is partly designed to stem the emigration of Singaporean talent to the US.

The best example of Singapore and Hong Kong working together is Suntec Investment which was set up in Singapore in 1988 by some of Hong Kong's richest businessmen, including Mr Li Ka Shing. It is intended to spearhead ventures in Singapore – where it is building a S$2bn (£578m) convention, office and residential centre called Suntec City – and elsewhere, including Hong Kong.

"Singapore provides Suntec's Hong Kong investors with a safe base for regional activities which can then be used as a springboard to the rest of the world," says Mr Robert Wang, a Shanghai-born and Hong Kong-based lawyer and banker with strong Singapore connections who helped to put the venture together.

Illustrating the cross-fertilisation, Suntec two years ago helped found a Hong Kong merchant bank, United IBV (headed by Mr Wang), along with United Overseas Bank of Singapore. This year United IBV has set up United Mok Ying Kie, a joint venture stockbroking firm in Hong Kong.

A year ago United Overseas Bank also pulled together a 14 per cent Singapore stake (together with Singapore Press Holdings which owns the Straits Times) in Hong Kong's South China Morning Post (Holdings), which is controlled by Mr Rupert Murdoch.

Lee: has set target for investment

The main competition between the two cities is in financial services and location of head offices. Singapore is already gaining because Hong Kong has high labour and property costs plus employment problems caused by a tight economy and an annual brain drain of some 62,000 people.

Singapore is more important in foreign exchange dealing and futures trading – its daily average foreign exchange trading this year is US$85bn, compared with Hong Kong's US$55bn-65bn – while Hong Kong is considerably stronger in fund management because of greater local interest.

It could be bigger in other areas – and would attract more stock exchange listings – if it internationalised its currency and if the Monetary Authority of Singapore relaxed its strict rules and what are seen as subjective judgments on admission of banks and other companies.

So far few Hong Kong companies have moved regional headquarters to Singapore but many have transferred some functions, notably treasury, data processing and communications centres.

Those in finance include Chemical Bank, Bankers Trust, Citibank, Imperial Bank of Canada, First International Bank of California, Republic Bank of New York, and Deutsche Bank. Rothschilds is expected to follow soon.

Reuters has moved part of its communications operations and a handful of Hong Kong companies such as Stelux and Gold Peak have established regional headquarters, technical centres and taken stock exchange listings.

"China sees big countries like the US through political lenses. We are too small to be threatening and China feels comfortable with us," says Mr George Yeo.

Whether such ambitions are realisable is not clear. But what is certain is that Beijing feels more comfortable with Singapore's docile and respectful Mandarin-speaking society than with the brasher and more politically controversial atmosphere of Hong Kong. So it might well like Singapore's ideas.

Israelis put their case to Egypt on peace talks

By Max Rodenbeck in Cairo

THE ISRAELI foreign minister, Mr David Levy, arrived in Cairo yesterday for talks with Egyptian leaders on the obstacles remaining to an American-sponsored Middle East peace conference.

Specifically, the Egyptians are expected to press Israel to accept residents of east Jerusalem in the proposed joint Palestinian-Jordanian delegation to the conference.

Israel contends that to do so would cast doubt on the legitimacy of its 1967 annexation of the Arab half of the city. The Palestinians, who appear to have accepted a minimal role for the PLO in the peace process, view inclusion of Jerusalem residents as crucial to the credibility of their representation.

The Egyptians are also anxious to persuade Israel of the need to engage in mutual confidence building with its Arab opponents.

The government of Mr Yitzhak Shamir roundly rejected recent Arab offers to drop their economic boycott of Israel in exchange for a suspension of Jewish settlement in the occupied territories. Other proposals being mooted include Arab support for rescinding a UN resolution condemning Zionism, inviting representatives from north African Arab states to attend the peace conference as a sign of goodwill to Israel, and for Israel to ease repression of the Palestinians under its rule.

The Cairo visit is the highest level diplomatic exchange in more than two years between the countries, whose relations have grown frosty since their signing of the Camp David peace agreement in 1979. President Mubarak has frequently expressed doubts about Mr Shamir's seriousness in seeking a solution to the Arab-Israeli conflict.

An Arabic speaker, Mr Levy is viewed in Cairo as the least inflexible senior member of Israel's ruling coalition.

James Baker, the US secretary of state, waves as secret service agents watch his arrival in Moscow yesterday

France to urge allies to ease Iraq sanctions

By George Graham in Paris

FRANCE IS to press its allies for urgent measures to ease the economic embargo against Iraq in order to bring food to the country's starving civilian population.

The French government yesterday began consultations with the other four permanent members of the United Nations Security Council on a draft resolution designed to allow Iraq to sell a certain quantity of oil and use the proceeds to pay for food supplies, under the direct control of the UN.

Officials in Paris yesterday declined to give details of the precise mechanisms France had proposed to ensure that the oil proceeds should be used only to meet the food and medical requirements of the Iraqi civilian population.

They said, however, that it was essential to maintain direct UN control and to ensure that food supplies were not diverted to the Iraqi army.

The UN has already set up a number of mechanisms which could enable it to exert this control. UN Resolution 687, which formally brought an end to hostilities on April 3, set up a fund designed to pay reparations to victims of Iraq's invasion of Kuwait a year ago out of future oil sales, for example.

The French initiative follows an appeal by Prince Sadruddin Aga Khan, the UN's special envoy in the Gulf, for an easing of sanctions to meet Iraq's "undeniable" need for humanitarian and food supplies.

The Paris government has made clear its view that firm implementation of Resolution 687 should not come at the expense of the suffering of the civilian population of Iraq.

The UN sanctions committee last week ruled in favour of a request by Iraq for a temporary lifting of the oil embargo, though without agreeing on how much oil the country should be allowed to sell. Iraq initially asked for sales of $1.5bn, but later doubled this figure to $3.1bn.

The US and the UK have both resisted any easing of the sanctions against Iraq so long as President Saddam Hussein remains in power, but last week showed that they were willing to consider a very limited relaxation of the restrictions so long as a watertight formula could be found to make sure that food and medical supplies reach civilians.

French officials said they would begin by discussing their proposals for a draft resolution with the US and the UK before widening their consultations to China and the Soviet Union, the other two permanent members of the Security Council. The proposal could then be put before the full Council.

Colony stock exchange reform plans

By Angus Foster in Hong Kong

HONG KONG'S stock exchange yesterday announced proposals which could lead to sweeping reforms aimed at widening the representation of the exchange's ruling council and bringing it in line with other international exchanges.

The reform package has been agreed after long negotiations with the Securities and Futures Commission, which fears the exchange's present structure leaves it open to abuse.

The reforms must be approved as a package by 75 per cent of exchange members at an extraordinary general meeting on August 19. If the package is not approved, the SFC has warned it will force the exchange to accept a tougher package using Hong Kong's securities regulations.

Mr Francis Yuen, chief executive of the exchange, said yesterday the package was a reasonable compromise and that the exchange and SFC had both made several concessions. But he admitted some exchange members would oppose parts of the package. The vote could be very close.

One of the most important proposals is to increase the exchange's ruling council to 30 people, including 17 broker members and 10 lay members. Four of the broker members will be elected from Hong Kong's top 12 stockbrokers in terms of turnover. These moves will allow more international brokers on to the council and lessen the influence of a small group of Chinese brokers.

The exchange is also set to lose its right to distribute dividends and members will no longer be allowed to vote by proxy for council elections. The exchange's memorandum of understanding will be changed and its primary duty will be to the public interest, ahead of the interests of its members.

Many of the reforms were first put forward in 1988, following the closure of the exchange during the 1987 crash. But efforts to restructure have been frustrated by the group of small brokers, some of whom came to prominence under the chairmanship of Mr Ronald Li, who is now in jail for corruption.

As a sweetener to the package, the SFC will urge the government to extend until 1997 the exchange's transaction levy, which is due for review in 1993 and raises more than 40 per cent of the exchange's budget.

But if the package is not approved, the SFC may not support the extension. A planned capital reduction, designed to give members access to their initial investment in the exchange, could also be scrapped.

Amnesty says Israelis ill-treat Palestinian detainees

By Victor Mallet, Middle East Correspondent

THE ISRAELI security forces often torture or ill-treat detained Palestinian civilians, forcing them to make confessions and thereby depriving them of fair trials, according to an Amnesty International report published today.

Amnesty, the human rights group, says detainees are systematically hooded with dirty sacks and deprived of food or sleep, usually by being shackled in painful positions, while held in solitary confinement.

They are also frequently beaten all over their bodies, including on their genitals.

"There is clearly a pattern of torture or ill-treatment in Israel and the occupied territories," Amnesty says. "What's extremely disturbing is that there are actually secret official guidelines allowing 'moderate physical pressure'.

"We believe either that the government endorses these interrogation practices, which amount to torture or ill-treatment, or that interrogators have been routinely violating official guidelines as well as international standards."

Thousands of Palestinians are tried each year by military courts in the occupied territories and Amnesty says it has serious concerns about the entire process, from the moment of arrest to the time a case is closed.

An Amnesty delegate who observed a military trial in Hebron in November 1990 saw Mr Aziz Asheh, a young man charged with stone-throwing, brought into court with his shirt torn and bloody, open wounds on his left arm and chest, and bruising on his right thigh – injuries which suggested he had recently been tortured.

Mr Asheh said he had confessed only after being beaten, but the judge persuaded him to plead guilty in exchange for a lighter sentence.

Indian MPs vote funds to prop up government

By KK Sharma in New Delhi

THE INDIAN parliament yesterday approved funds to meet government spending for two months while the minority Congress government of Mr P V Narasimha Rao tries to secure the passage of a controversial budget and industrial policy announced last week.

Dr Manmohan Singh, the finance minister, won approval for his short-term package on a voice vote, but will be confronted with sterner opposition when each item of expenditure for the 1991-92 financial year is debated and voted on in the coming weeks.

The government has drawn considerable flak from some opposition parties, notably the Marxists, on the budget and the industrial policy.

The Marxists are particularly critical of the abolition of subsidies on fertilisers and the permission given to multinationals to have majority ownership of joint ventures in India.

Their support is vital for the budget. The government won a vote of confidence a fortnight ago only because the National Front and the Marxists abstained when Mr Rao's motion came up for voting.

The main opposition party, the Hindu revivalist Bharatiya Janata Party (BJP), voted against the vote of confidence. Curiously, the BJP has supported the budgetary proposals and the liberalisation measures announced in the industrial policy, but the party has announced that it will still vote against these.

Hence it is important for the government to gain the support of the National Front-Marxist combine to push the budget through. This would enable the International Monetary Fund to provide the money India requires to see it through its balance of payments crisis. An IMF team is in New Delhi for discussions on another emergency loan before the larger loan is considered.

Iranian riot over attempt to enforce Islamic dress

By Scheherazade Daneshkhu

HUNDREDS OF people have been involved in rioting in Iran's second city, Isfahan, over attempts by the authorities to enforce the Islamic dress code.

The clashes, which occured on Friday, were reported yesterday in Salaam, a daily newspaper published by Mr Mohammad Moosavi Khoeini, the hardline leader of the students who took over the US embassy in Tehran in 1979.

"Police fired into the air and detained some 300 instigators," Salaam reported. The clash began after police and members of the "headquarters to combat social vices" stopped women in a central Isfahan square, the newspaper said.

It referred to "notorious elements" who came to the support of the women who were breaking the dress code, "shouted deviationist slogans" and smashed windows in the city.

Strict social conditions have relaxed under President Hashemi Rafsanjani, emboldening women to tie their headscarves loosely, dress in bright colours and wear make-up. Salaam said the incident demonstrated the need for a "fundamental approach" to deal with the non-observance of *hejab*.

Madagascar's crisis deepens

MADAGASCAR'S opposition yesterday rejected political concessions made by President Didier Ratsiraka and vowed to continue its seven-week campaign of strikes and protests until he stepped down, Reuter reports from Antananarivo.

The senior opposition leader, Mr Jean Rakotoharison, also reiterated the opposition's demand for Mr Ratsiraka's resignation at a rally in the capital attended by tens of thousands of protesters.

Mr Ratsiraka, facing the biggest challenge to his 16-year rule on the Indian Ocean island, said on Sunday that he was sacking the government and planned a new constitution by the end of the year.

Kenya accused over human rights abuses

By Julian Ozanne in Nairobi

THE Kenyan government is continuing its use of torture, political manipulation of the judiciary, harassment of pro-democracy supporters and violent state action against squatters and ethnic Somalis according to allegations in the most detailed report on human rights abuses in Kenya yet.

The 329-page report, released today, is compiled by Africa Watch, an international human rights monitor. Its assessment of the Kenya government's record will concern the country's donors, many of whom have warned Kenya and other African countries that aid levels will increasingly be linked to good government, including human rights.

In a section on the killings during pro-democracy riots in July last year, eyewitnesses quoted in the report call into question the behaviour of the police and paramilitary and the government's official death count of only 20 people. The report examines, for the first time, the emergency powers in the North Eastern Province against nomadic or semi-nomadic Somali population and criticises the "shoot-to-kill" policy against poachers.

Kenya: Taking Liberties, Africa Watch, 90 Borough High Street, London SE1 1LL

New Zealanders prepare for budget assault on welfare state

Government prepares to introduce 'user pays' concept to replace the once much-vaunted cradle-to-grave safety net, writes **Terry Hall**

NEW ZEALANDERS are nervously poised for today's budget, when finance minister Ruth Richardson is expected to announce a sweeping assault on the welfare state.

The budget is likely to propose the widespread introduction of "user pays" in every walk of life: the concept that the state should have minimal involvement in social and business life and that New Zealanders should be largely responsible for their own education, hospitalisation, housing, health and retirement care.

For years New Zealanders considered themselves world leaders in providing a cradle-to-the-grave safety net. There is widespread dismay at the pace at which the National party government is unravelling this, arguing that New Zealand cannot afford to continue to support it.

The budget is the second step in a programme unveiled in December (a month after the National party took office) when Ms Richardson announced that the outgoing Labour government had left a substantial budget deficit, of up to $NZ4bn (£1.3bn), instead of the expected $NZ29m surplus. She said this was made worse by the unexpected problems with the Bank of New Zealand in which the government remains a 65 per cent shareholder. Problems with bad debts in Australia required a $NZ660m cash injection.

While critics questioned the budget figures, Ms Richardson rushed out a mini-budget which slashed social welfare spending, cut unemployment relief and related expenditure. She warned that the better-off would be targeted in the budget.

Since then the government's funding problems have deepened as the measures worsened an already deep recession.

Unemployment has risen from 8.5 to 10 per cent, which in turn has cut tax revenue and pushed up dole payments, despite a six-month stand-down period before relief can be obtained.

Critics say the government's actions have worsened the economic strictures which followed the introduction of a New Zealand form of monetarism, known as Rogernomics after the former Labour finance minister Sir Roger Douglas.

But the tough policies, with their sharp focus on cutting inflation, which is now at a 25-year low, and which has led to sharp falls in interest rates, have the support of the domestic and international banking community, concerned at the high level of state debt despite a raft of state asset sales.

Ms Richardson and her tough associate Ms Jenny Shipley, the social welfare minister, supported by prime minister Jim Bolger and other key ministers, have shown no indication of changing their policies in spite of intense lobbying, especially by the old, who expect their incomes to shrink.

The ultimate aim is to turn New Zealand into an export-oriented economy. Businesses that produce for the domestic economy have been warned that they face a continuation of the tough times that have seen a mounting wave of bankruptcies and receiverships.

It seems few will escape the extension of "user pays": a government study says that "the better-off" able to pay the increased costs start at the annual salary of NZ$31,000 a year.

The government risks a political backlash with the budget as it seems certain to include a list of measures which will in effect breach the National party's election promises. The government says these are no longer affordable.

The biggest assault is likely to be on retirement income. The age of entitlement is expected to be lifted from 60 to 65, there will be no inflation adjustments, and the pensions will be means-tested in future.

WORLD TRADE NEWS

MFA edges towards 17-month extension

By Nancy Dunne in Washington

TEXTILE negotiators in Geneva are edging towards a last-minute agreement to extend the Multifibre Arrangement (MFA) until December 1992 at current levels of protection, according to a senior US Commerce Department official.

With the MFA due to expire one minute after midnight tomorrow, the US seems resigned to a compromise of a 17-month extension. Mr Auggie Tantillo, the US deputy assistant secretary of commerce for textiles and apparel, said the US had hoped for a 29-month extension to avoid having to renegotiate new extensions at frequent intervals and to instil some certainty into the trade.

"We didn't propose 29 months because we thought the round would not be settled before then," he said. He hopes to convince negotiating partners to create an escape clause in the extension which would bring textiles into the General Agreement on Tariffs and Trade (Gatt) at whatever point the Round is completed.

The only certainty about MFA negotiations, he said, seems to be its affinity for deadlines. *Nothing ever is likely to* be decided until hours before it is due to expire.

In backing continuation of the current bilateral quotas, the Bush administration rejected a plea from the US textile and apparel importers to use the time between the scheduled end of the MFA and implementation of a new Uruguay Round accord as a "bridge" during which liberalisation would begin.

"Nothing ever is likely to be decided (on the MFA) until hours before it is due to expire." – Mr Auggie Tantillo, US deputy assistant secretary of commerce for textiles and apparel

Mr Eugene Milosh, president of the American Association of Exporters and Importers, complained that the *US is "still hooked"* on protecting its textile industry. "It's like putting us on methadone. In the spirit of the Gatt why don't we start *liberalising now?"*

With negotiators in Geneva talking about a 7-15 year phase out of textile protection, a 17-month head start could have moved the negotiating parties a significant distance, he said. Mr Milosh praised a recent presidential decision to enlarge US quotas for textiles – as well as cheese and steel – for eastern Europe. "If you want to help these countries, don't talk exports. Talk imports," he said.

Meanwhile, the US Commerce Department is using a barter of sorts to help the former "coalition partners" contribute towards the Gulf war. They are being asked to give back some of their US textile quota, to help compensate for the *doubling of Turkey's* quotas, granted to reward Turkey for its Gulf crisis co-operation.

The first to agree to the US request was Hong Kong which took a cut in *its* textile quota of 27m square meters up to the end of 1995. Mr Tantillo said "major suppliers" – most of which are Asian – will be *asked to make similar* sacrifices in aid of the war effort. The request will not go to China, which completed a new bilateral pact early this year, *but it will be made of others in* coming two-way talks.

US, EC seek impetus in trade talks

TRADE and farm negotiators from the European Community and the US will aim to nudge stalled world trade talks forward at meetings in Brussels today, officials and diplomats said, Reuter reports from Brussels.

Mrs Carla Hills, US Trade Representative will meet her counterpart, Mr Frans Andriessen, EC Trade Commissioner *while Mr Edward Madigan, US* Agriculture Secretary comes to Brussels for the first time to meet Mr Ray MacSharry, the EC Farm Commissioner.

Negotiations under the auspices of the General Agreement on Tariffs and Trade (Gatt) collapsed in December over agriculture at what was supposed to be their finale.

They have since resumed at a technical level, and the idea is to conclude them at the end of the year. But there is as yet no sign of a breakthrough.

Mr Hugo Paemen, the EC chief negotiator at Gatt, said yesterday that Mrs Hills and Mr Andriessen would devote today's meeting to organising themselves to achieve the necessary results in the time available.

"My feeling is that it is possible in the coming three months. We can do it," he said.

Main participants agree that without an agreement on agriculture, the whole Gatt package will collapse. Developed countries are particularly interested in securing agreement in sectors such as services and copyright protection.

Mr Guy Legras, director general of agriculture at the European Commission, said yesterday that behind-the-scenes work in Geneva had put agriculture talks on a much firmer footing than had been possible at the ill-fated talks in December. "We're now entering negotiations with a solid technical base," he said. The plan is to agree cuts in internal support and export subsidies, and to improve market access.

The EC has just started on the road to reforming its Common Agricultural Policy (CAP), which produces recurrent food mountains that go onto world *markets with export subsidies.*

It says it has to undertake reforms for its own reasons, but Mr Paemen said it was clear that the prospect of changes *was sweetening* the atmosphere in trade talks.

"There's no doubt that the very initiative to start reforms has improved the overall atmosphere and given some confidence to the rest of the world in terms of how the Community is going to manage the CAP," Mr Paemen said.

EC Trade Commissioner Andriessen: meets US counterpart Carla Hills today

He stressed that though the aim was to finish Gatt talks by the end of this year, implementing CAP reforms was likely to take years, so the two could not be tied together.

Japan's big car makers to benefit from EC plan

JAPAN'S biggest carmakers are likely to benefit under a European proposal not to limit sales of cars they produce within the unified European market, Reuter reports from Tokyo.

But Mazda and smaller makers could find themselves squeezed out, according to industry analysts yesterday

European Community ambassadors have decided to allow Japanese manufacturers to increase their EC production as planned, five-fold to a projected 1.2m vehicles a year by the end of the century.

However, they also want to limit direct exports from Japan to the EC to 1.23m a year, lower than the 1990 total of 1.25m, to give European manufacturers a respite period from *1993 to 1999.*

If Japan accepts the proposals, Japanese makers would be set to increase their EC market share by 1999 to around 16 per cent from their present 11 per cent.

Both Nissan and Honda said they welcomed the EC ambassadors' decision. They, along with Toyota and Mitsubishi have built or are planning manufacturing facilities in *Europe to serve the European* market.

The planned increases in EC production by Japanese auto makers will help them increase their market share.

"We welcome the EC position on this," said a Nissan spokesman.

The company has the highest rate of local production in Europe, with plants in Britain and Spain, and analysts say it *is set to* benefit most of all from the EC policy.

Taiwan and UK meet for first trade talks

By Peter Wickenden in Taipei

BRITISH and Taiwanese government officials met for *trade talks in Taipei yesterday* for the first time since the UK recognised the Beijing government more than forty years ago.

The two-day talks centre on British concerns about high taxes on Scotch whisky and tariffs on imported cars, a ban on European fresh meat imports, and limited European access to the Taiwanese financial services industry.

Participation in projects within Taiwan's $303bn (£180bn) Six-Year Plan is also under consideration.

The UK is upset about the recent partial liberalisation of Taiwan's spirits market. Scotch can now be freely imported, but Taiwan applies a domestic tax that is nearly three times that on comparable US bourbons. The UK is discussing the problem with the European Commission, which threatens retaliation.

Taiwan asked the UK to back its effort to enter the General Agreement on Tariffs and Trade (Gatt) following the US statement of support a week ago. China insists that it be admitted to Gatt first.

Mr John Meadway, under secretary at *Britain's Department* of Trade and Industry, said that from a purely economic point of view, the UK thinks *Taiwan should be in Gatt.* But support would have to come from the EC as a whole.

Britain is Taiwan's second largest trading partner in *Europe after Germany.* It had a deficit of $826m with Taiwan last year in bilateral trade totalling $3.13bn.

● Businessmen from Taiwan, Hong Kong and China will meet in December in Hong Kong to discuss ways of boosting trade among the three economies. Reuter reports from Taipei.

It would be the first time in more than 40 years that businessmen of the three economies had held a formal conference.

Trade between Hong Kong, Taiwan and China has boomed.

Almost all Taiwan-China trade conducted through Hong Kong rose 16 per cent to $4bn last year.

India loosens up on trade, but the accent remains on exports

Network of licences and subsidies is swept aside, but external deficit locks import controls in place, writes **K K Sharma**

INDIA has swept aside many of its controls on foreign trade and with them a complicated network of licences and export subsidies as part of a package of economic reforms presented with the budget last week.

However, the accent remains on promotion of exports and Mr P. Chidambaram, the minister of commerce, sees little prospect of initiating an era of free trade for imports, at least not in the short run.

"[Import] controls will remain until our balance of payments position improves," he said in an interview.

Mr Chidambaram has pleaded with Dr Manmohan Singh, the minister of finance, to remove recently-imposed import controls, at least on exporters, but this was not reflected in the budgetary proposals last week.

The foreign trade policy reforms initiated early in July after a two-phase devaluation of the rupee are thus just a partial movement towards free trade.

The minister feelsthat his department will now have a greater promotional role rather than a regulating one. Mr Chidambaram thinks the present pattern is unavoidable, although he sees in the reforms considerable progress towards dismantling the regime of licences and regulations.

Further movement towards free trade will depend on reduction of the country's massive trade deficit, the main cause of its balance of payments crisis. The trade deficit was $5.7bn (£3.4bn) in 1990-91.

Mr Chidambaram is deliberately cautious about what it will be this year. All he says is that "my aim is to keep it below this level". Yet he is hopeful of a freer trade regime within three years by which time he plans to put all except a "small negative list" of imports on what is called "open general licence" (OGL), or free imports.

"I have made a general plea that as we open up trade and as we want to integrate with the world economy, tariff rates should come down. The entire world accepts that high tariffs have an anti-export bias," says Mr Chidambaram.

But he insists that the changes in policy were not made because of pressure emerging from Uruguay Round trade liberalisation talks under the General Agreement on Tariffs and Trade (Gatt), although he agrees that the changes "will help us with Gatt, not hinder us".

The main change in India's foreign trade policy, apart from the dismantling of licences for imports, is to link imports to export performance. Exporters *will get what are now to be* called Exim scrips to replace what used to be known as "replenishment licences", entitling them to make imports worth 30 per cent *of* exports.

Thus all imports, with the exception of such bulk items as crude and cooking oil, will depend on how much is exported. *The vital link with* imports is considered essential to force industrialists and others to think in terms of exports since the future balance of payments will depend on this.

India's role in world trade, *considering its size, has* been minimal and the value of its exports is less than 5 per cent of gross domestic product.

Mr Chidambaram thinks this must increase rapidly. Both the ministers of commerce and finance have now been talking of ending India's isolation and integrating the country with the international community. *In effect, this means opening* the country to foreign investment through the recent relaxation of the policy towards multinationals.

The upper *limit* for *foreign* investment has been raised from 40 per cent of the equity in joint ventures in the country to 51 per cent. If foreign *companies manufacture* entirely for export, they could be permitted 100 per cent equity ownership after negotiations with a special board to be formed *soon.*

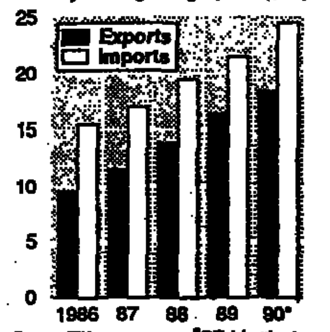
Mr Chidambaram thinks this is a big relaxation in the foreign investment policy, which limited companies only to manufacturing activity. "The *foreign* trading houses are welcome to help us increase our exports," he says.

Linking imports to the export effort will undoubtedly *encourage industrialists to* think more in terms of exporting their production and, in particular, will stimulate them to use the country's potential *for agro-based exports* since these will now also be entitled to the new Exim scrip.

The export policy continues, however, to rely on giving *incentives and encouragement* to what are called 14 "thrust" sectors in which India has a comparative advantage. These include the diamond industry, garment exports, marine products and leather goods. But Mr Chidambaram is hopeful of a diversification of the export effort as the reforms should stimulate industrialisation specifically for export.

India: trade

Fiscal year beginning April 1 ($bn)



Source: EIU *Official estimates

S Korea to send trade delegation to China

THE Korea Foreign Trade Association (KFTA) of South Korea will send a 22-member trade delegation to China next *month to discuss bilateral* trade and investment issues, association officials said yesterday, AP-DJ reports from Seoul.

The delegation will visit China from August 9-25 at the invitation of Zheng Hongye, chairman of the China Council for Promotion of International Trade (CCPIT).

The delegation will meet senior Chinese government officials to discuss bilateral trade, joint development of natural resources and investment cooperations, the officials said.

Despite the lack of diplo*matic relations, the two coun*tries have recently expanded bilateral economic cooperation greatly.

South Korea exported $304m *worth of goods to China in the* first five months of 1991, up 47.7 per cent from a year earlier. South Korea's imports from China rose by a sharper 57 per cent during the period to $1.2bn. South Korean companies had invested $104m in 96 projects in China as of May.

Vietnam offers oil deals

VIETNAM will negotiate with companies *wanting exploration* rights rather than organise competitive bidding for contracts in its budding oil industry, a Vietnamese oil industry *official said. Reuter reports* from Singapore.

"Petrovietnam. . . prefers bilateral negotiations with each company," Do Dinh Luyen, *a deputy director* of the state-run Petrovietnam, told a conference.

Vietnam started producing *oil in 1986 and expects to pump* 3.7m tonnes from its Bach Ho (White Tiger) field in 1991, up 1m tonnes from last year. Petrovietnam has so far signed 10 production sharing contracts with foreign companies.

Mr Do said during the 20- to 25-year contract, the contractor will pay for the exploration, development and production. Reimbursement will be 30 to 35 per cent of annual production.

THE BCCI SHUTDOWN

LIQUIDATION DEADLINE IMMINENT

Rescue unlikely from Abu Dhabi

By Richard Waters

ALTHOUGH BCCI was effectively shut down 25 days ago by banking regulators around the world, it is only in the High Court in London today that the bank faces the likelihood of being placed into formal liquidation.

After hearing a winding-up petition from the Bank of England last week, the High Court gave the shareholders of BCCI eight days to come up with financial support for the bank's small depositors in the UK or face liquidation of the bank.

Last night, after seven days, no money had emerged. Nor is an 11th-hour rescue likely, if statements from Abu Dhabi – the bank's majority shareholder – at the weekend appear to suggest.

Gulf sources say that Sheikh Zayed bin Sultan al-Nahyan, the emirate's ruler, has no intention of putting any extra cash into the bank to support UK depositors while he is still angry with the Bank of England for instigating the closure.

Support from Abu Dhabi need not necessarily involve relaunching BCCI. The sheikh could offer to underwrite the UK's deposit protection scheme, enabling an immediate pay-out to depositors before a formal winding-up.

However, the sheikh's representatives have made clear that he is unwilling to put up more money without some possibility of a return in the future.

Although some BCCI depositors are optimistic, most do not expect a last-minute rescue from Abu Dhabi.

Mr Antony Gold, a partner of Alexander Tatham, the Manchester solicitors co-ordinating all UK solicitors representing BCCI depositors, said yesterday that he did not expect financial assistance from the Middle East.

"I'd be very surprised," he said. "It's difficult to see any commercial basis for taking those steps.

"Unless there is a very dramatic and substantial and concrete proposal from Abu Dhabi, I think a winding-up is inevitable."

To be sure of keeping BCCI out of the liquidators' hands, Abu Dhabi would need to come up with £83m – the cost of compensation depositors will be able to claim under the UK's Deposit Protection Scheme.

It would be difficult for the sheikh to make such a gesture without similarly offering to underwrite other BCCI depositors around the world.

Mr Pine, meanwhile, believes that depositors' best hope is to shame the UK government into compensating depositors – a route pursued with great effect two years ago by Barlow Clowes investors, who were also handled by Alexander Tatham.

Should BCCI's Luxembourg arm be wound up today, three quarters of the bank's UK depositors are likely to see a substantial part of their money returned to them, perhaps within weeks.

Those are the people who had less than £20,000 each in the bank and so will receive back three quarters of their deposits.

PLEA TO UK PRIME MINISTER

Major refuses to back restructuring

By Ralph Atkins and Richard Waters

MR JOHN MAJOR, the prime minister, indicated yesterday that he will not be drawn into publicly urging a resurrection of Bank of Credit and Commerce International in the UK.

Downing Street officials played down suggestions that a letter sent by the prime minister to a Labour MP implied Mr Major believed a restructuring was more likely than had previously been thought. They insisted it was a matter for the liquidators.

In the letter, sent late on Sunday night, Mr Major told Mr Keith Vaz, Labour MP for Leicester East, that a winding-up order was necessary to trigger the deposit protection fund. Mr Major continued: "If this is granted, it does not preclude a subsequent reconstruction of the group. This would have to take account of the interests of UK depositors, creditors and employees."

Mr Major's comments were interpreted by some depositors as a hint that he was optimistic about the chance of the bank being relaunched in some form. They claimed this was opposite to the point of view of Mr Robin Leigh-Pemberton, governor of the Bank of England, who last week told MPs that he thought it unlikely the bank would re-emerge in any form in the UK.

However, Mr Major's letter followed closely the wording of recent pronouncements from the Bank of England, suggesting any difference of opinion was apparent rather than real.

Downing Street officials also said that while Mr Major would naturally prefer a solution that restored depositors' losses, he believed a restructuring was "unlikely".

Mr Vaz, who leads the cross-party BCCI group at Westminster, said the letter left open "a number of options". He has proposed that parts of the bank could be reassembled under a new name. He met provisional liquidators at Touche Ross yesterday to urge a further adjournment today of the winding-up of BCCI.

In his letter, Mr Major addressed the possibility of a further delay to the winding-up hearing. He said that before a delay could be agreed "the Bank of England will seek to safeguard the interests of depositors so that they will not be any worse-off than if a winding-up order were granted".

ABU DHABI

Rumours abound in an information vacuum

Richard Tomkins on a city where newspapers are at the mercy of scissors and crayons

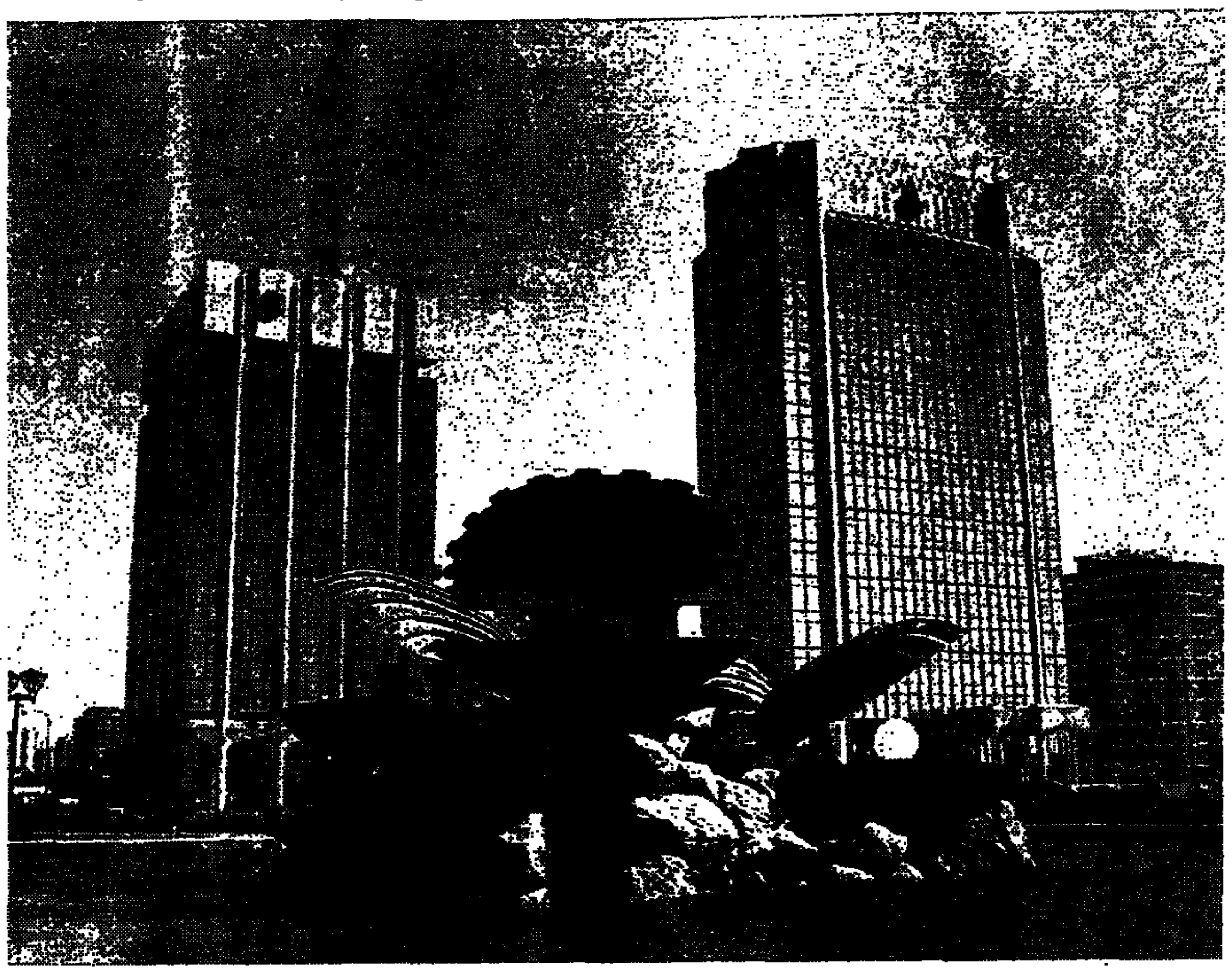
ONE OF the most visible pieces of evidence of the BCCI collapse in the city state of Abu Dhabi is to be found in Spinneys, the favourite superstore of the western expatriates' just off the capital's Corniche Road.

A couple of aisles away from the loose Smarties at dirhams 18.50 (£3) a kilogram and the Tesco pink toilet tissue at dirhams 2.50 (40p) a twinpack, there is a row of empty racks where the foreign newspapers used to be.

Censorship of foreign newspapers is nothing new to Abu Dhabi. In this deeply conservative country, it has long been the practice for government officials to cut or crayon out any material they regard as remotely critical of the ruling family or too titillating for comfort.

One example cited by a local is a picture of an aerobics class which appeared as a row of women's heads hovering over a gaping rectangular gap where their bodies used to be.

In the past few weeks, the censors have become tougher. Continual references to the ruling Sheik Zayed bin Sultan al-Nahyan's position as principal of the failed bank have proved too much for scissors and crayon. Most foreign newspapers fail to appear at all. "We are living in an information vacuum," complained one local banker. "This whole town is run on rumours. Nobody knows what is going on, and nobody is likely to know until there is a pronouncement from the top – and it's anybody's guess when that is going to be."



Clamming up: censorship of newspapers has spared the BCCI head office (left) in Abu Dhabi much embarrassment

In the meantime, the lack of information belies the impact the BCCI collapse is having on Abu Dhabi and the neighbouring states of the United Arab Emirates. Although the bank may have accounted for only eight branches out of a UAE total of 300 or more, its closure is creating concern at all levels.

Among those suffering worst are the expatriate workers from the developing countries who heavily outnumber the indigenous Arabs in the UAE's population of 1.84m. Workers from the Indian subcontinent in particular formed a large part of BICC's local customer base because of the bank's strong links with their countries.

The fortunate ones will have sent most of their incomes to their home countries, where BCCI branches are still operating. Still, some will have kept savings in UAE accounts, and the most unfortunate will have transferred them to dollar accounts in UK branches of BCCI in order to obtain a higher rate of interest. "It's like a big joke," one worker from Pakistan said. "Nobody can believe it's true. Bank means safety. People put their money there because it is supposed to be safer than keeping it at home. It's like owning a house and coming home one day and being told you don't own it any more."

Also suffering are the many import businesses that used BCCI's expertise in international trade finance to finance their consignments. According to Mr Richard Price, a partner with Clifford Chance, the international law firm, millions of dollars' worth of goods are piled up in UAE ports because BCCI's collapse has left importers unable to prove their right to receive them.

A third fraught area is the banking sector. Small banks have proliferated in the UAE by offering higher rates of interest to local depositors, but some sources say they were able to do so only by adopting imprudent levels of exposure to BCCI, which offered attractively high rates for interbank deposits.

Few will be surprised if one or two of the shakier banks go to the wall. If a sense of crisis has not yet taken hold of Abu Dhabi, it is because expatriate workers, businesses and bankers alike are pinning their hopes on some kind of bailing-out exercise by the sheikh.

In this paternalistic society, the reward for allegiance has traditionally been munificence, and with oil revenues of $15bn (£9bn) last year, the sheikh can afford to be generous.

There is also, however, an awareness that everything may turn on the terms of any reconstruction attempted for the remnants of BCCI – particularly if it involves taking on massive sums in difficult loans and offering restitution to depositors outside the UAE.

Thus the thirst for information is insatiable. Government statements, however, do little to slake it, focusing as they do on criticism of the western banks' action in closing BCCI down rather than on whether or how any parts of it may be salvaged.

With the foreign press gone, there is little to be gleaned from the local newspapers.

All play safe by toeing the official line or, better still, ignoring the affair altogether – as with yesterday's Gulf News, the main English-language paper, which led its home news section with a report that the Gulf's first dog track would open as soon as the mechanical rabbit had been fixed.

LORD BINGHAM'S INVESTIGATION

Inquiry will be opened this week

By Ralph Atkins

LORD Justice Bingham will announce this week that he is formally opening his independent inquiry into the action taken by UK regulators against BCCI.

Ministers hope the announcement will scotch suggestions that the inquiry is being unnecessarily delayed. Mr Norman Lamont, the chancellor, has said he hopes the investigation will be completed before a general election – although that seems unlikely if there is an autumn date.

Lord Bingham, whose appointment was announced eight days ago, has already started reading papers on BCCI. His office is being staffed by officials from the Treasury solicitor's department, which acts as the government's lawyers.

The formal announcement, which will be supported by advertisments in national newspapers, will set out details of how interested parties will be able to submit evidence to Lord Bingham.

The complexity of the fraud may mean that Lord Bingham will delay taking oral evidence until September or October. Treasury officials firmly rebuffed suggestions that he would postpone starting in earnest until after the summer.

The investigation will look at the role of the Bank of England in supervising BCCI, but is also expected to cover how much government ministers knew and at what stage – sharply increasing the political sensitivity of the report's conclusions.

Under the inquiry's terms of reference, Lord Bingham's task is to "inquire into the supervision of BCCI under the banking acts; to consider whether the action taken by all the UK authorities was appropriate and timely; and to make recommendations".

Mr John Major, the prime minister, has said Lord Bingham will have access to all relevant papers and officials. Ministers, including himself, would be available to give evidence. The report will be published.

£100m SUPPORT

Clearers uneasy at bailing out fund

UK CLEARING banks are feeling "not very good" about having to bail out the deposit protection fund because of losses caused by the BCCI shutdown, according to Sir Nicholas Goodison, president of the British Bankers Association, David Lascelles writes.

Sir Nicholas, who is also chairman of the Trustee Savings Bank, said yesterday that the association hoped to provoke a debate about the workings of the fund and other supervisory issues raised by the BCCI affair.

It is estimated that UK banks will have to put up more than £100m to enable the fund to repay depositors who lost their money in BCCI. The fund, which has a deficit of £30m, pays 75 per cent of deposits up to £20,000.

Sir Nicholas emphasised that the clearers would honour their obligation to finance the fund. "You conform to what is required," he said. Even so, there was resentment among large banks because the fund meant that "good people bail out the bad".

He also thought that deposit insurance should be the responsibility of the country in which a bank was supervised. Although BCCI had the bulk of its European operations in the UK, it was registered in Luxembourg.

Sir Nicholas said the growth of cross-border banking raised wider issues about banking supervision that needed to be addressed. "We'll be looking at all these things and sharing our thoughts with the authorities," he said.

Mr Tom Frost, the chief executive of NatWest Bank, said that depositors should be given more information about the banks so as to be able to make their own judgments about their soundness.

CHARTERHOUSE

Bank acts to reassure customers

By Ann Steele and Tracy Corrigan

CHARTERHOUSE Bank has written to retail customers with foreign currency accounts to reassure them their deposits are secure. The move is to address concerns about the safety of smaller banks after BCCI's closure.

The letter signed by Mr Paul Green, head of treasury, points to Charterhouse's strong A1 short-term credit rating from International Bank Credit Analysis (IBCA), the UK rating agency. He adds that Charterhouse is the merchant banking arm of the Royal Bank of Scotland Group and a wholly owned subsidiary of the Royal Bank of Scotland, the sixth-largest UK clearing bank.

Some smaller financial institutions have suffered from withdrawals of wholesale deposits in a flight to quality by local authorities facing losses as a result of the BCCI closure. Last week, National Home Loans, a specialist mortgage lender, had to seek fresh bank financing in order to stay afloat. The Charterhouse move reflects growing concern that public confidence in smaller banks is waning.

"This is a precautionary measure and many small banks or building societies must be going through it mentally if not physically," an official at Charterhouse explained yesterday. "The better ones are making an effort to reassure their customers."

Another bank official said deposit account business was a small sector for the bank, and added that no accounts had yet been closed as a result of BCCI's collapse.

SRI LANKA

Closed branch reopens

THE COLOMBO branch of BCCI, closed since July 5, reopened yesterday under the management of Seylan, a Sri Lankan bank.

There were no queues or large-scale withdrawals, as some banking sources had expected. Mr Lalith Kotalawela, Seylan's chairman, said: "Business is as usual. Depositors have learnt to trust us."

Seylan, Sri Lanka's newest privately-owned bank, took over the management of the Colombo branch under an agreement signed with the country's central bank last week. Mr Kotalawela said then that his bank had guaranteed all Sri Lankan deposits but that there was nothing they could do about foreign assets frozen in the branch's Cayman Islands head office.

Banking sources in Colombo said it was the first instance of a BCCI branch being handed to a local bank to manage after being taken over by a central bank.

Mr Rohan Perera, Seylan's general manager, said about Rs2.1m (£30,660) was withdrawn in BCCI Colombo's first hour of business yesterday.

"It is about the normal withdrawal on any day," he said.

Seylan officials have been meeting some of BCCI's 2,000 corporate and individual clients to reassure them.

UK NEWS

Lilley tries to quell furore on exports to Iraq

By Clive Cookson, Robert Peston and Ralph Atkins

THE government sought yesterday to quell the political furore over the export of chemicals to Iraq which might have had military uses up until the Gulf war, insisting all goods licensed would have been rigorously scrutinised.

Mr Peter Lilley, trade and industry secretary, moved to rebuff mounting protests by the opposition Labour party about the list of items exported to Iraq between 1987 and August 5 last year and set out in evidence to the House of Commons trade and industry select committee.

He is expected to give the committee more details of to whom and and for what purposes the goods were sent.

Mr Neil Kinnock, Labour leader, stepped up the political pressure, saying: "We now know that very substantial arms exports and materials that can be used, probably were used, for the manufacture of chemical weapons, were being exported systematically to Iraq for a long time before the invasion of Kuwait and indeed even a couple of days after it."

Mr Lilley said on BBC Radio, however, that exports would have been considered by an inter-departmental committee.

The Department of Trade and Industry officials again pointed out that the heading "thiodiglycol" – one of the chemicals used in mustard gas – was used by customs as a heading for a number of chemicals. It said, that it was possible none of the particular chemical had been exported.

But chemical warfare experts expressed concern yesterday that two other chemicals exported from the UK to Iraq were ingredients for making the V series of nerve agents.

The £283,000 worth of the two chemicals – N,N-diisopropyl-(beta)-amino ethanol and N,N-diisopropyl-(beta)-aminoethane thiol – exported to Iraq in 1989-90 would be enough to make several kilograms of nerve agents.

"If you look at the stucture of these chemicals and know a bit about chemical weapons, they should automatically make you suspicious," said Mr Ralph Trapp of the Research Institute for Chemical Toxicology in Leipzig, Germany. "I do not know of any civilian uses for them."

Discussions begin over interest-swap litigation

By Raymond Hughes and Tracy Corrigan

DISCUSSIONS have begun to select lead cases in the welter of litigation over interest-rate swap deals between banks and local authorities provoked by the ruling earlier this year that such deals are null and void.

It is hoped the lead cases, scheduled to come to court early next year, will avert thousands of potential actions to resolve the issue, which involves about 80 banks, 130 councils and some £500m.

In the High Court yesterday the cases of Samuel Montagu v Birmingham council, Barclays v the London Borough of Hammersmith and Fulham, and Chemical Bank v Sandwell or Welwyn councils were suggested as possible litigation leaders. Also mentioned was North Carolina National Bank.

Tomorrow Mr Justice Steyn will decide on the cases to be selected if agreement has not been reached outside the court.

An interest-rate swap involves the exchange of fixed and floating-rate cashflows. The House of Lords has ruled that swap agreements between banks and councils were not legally enforceable because the councils were not empowered to enter such agreements. Foreign banks were particularly vociferous in their criticism of the Lords' ruling, and some even threatened to withdraw from London.

Power station faces environmental action by Brussels

By Juliet Sychrava and Chris Tighe

COMPLETION of Britain's largest independent power station could be jeopardised following complaints that the project contravenes European Commission directives on the evironment.

Mr Carlo Ripa De Meana, the European commissioner for the environment, is expected to intervene in the proposals by Enron, the US power company, ICI and four regional electricity companies to build the power station on Teesside, on the north east coast of England.

The 1,725MW power station, due to start up at the end of 1992, is already under construction. But sources close to the Commission suggest it will support a complaint from the Council for the Protection of Rural England (CPRE) that the government approved the project without fully considering its environmental impact.

If it upholds the complaint, the Commission can refer the case to the European Court of Justice in Luxembourg, which has power under EC law to issue an injunction to stop the project.

The CPRE's complaint concerned principally the network of overhead lines required to take power southwards. The EC directive on environmental assessment states that the department should have taken into account the impact not only of the station, but also of the required power lines.

Power stations are approved separately from power lines, under two distinct sections of 1989 Electricity Act.

The CPRE argues this is wrong. "Power lines are a direct consequence of a power station, and the EC directive says an assessment of a power station should consider all direct and indirect effects," it says.

The Teesside project is significant – a central plank of the government's competitive market in electricity was that independent power generators would emerge.

Enron Power is relaxed about the prospect, mainly because plans to connect Teesside to a nearby substation, Lackenby, have already been approved.

Under the Electricity Act, the National Grid Company (NGC) must offer to connect any new power station to the national grid. NGC says that, to handle the sizeable output from Teesside Power, it will have to reinforce the grid system – and that means new lines.

Local opposition is growing. Rumours that Teesside Power will be used as an excuse to scar the area with a massive reinforcement programme in order to export cheap electricity south have been voiced in the local press.

A letter from the government-funded Teesside Development Corporation, which is responsible for the area's regeneration, arrived yesterday at the offices of the NGC objecting to its most recent alternative power line route.

The grid says the route, which will cross the Tees twice, has been designed to run predominantly through industrial, rather than residential, areas.

One option the NGC does have is to run the lines underground. But that would be considerably more expensive.

Results bring testing time for nuclear industry

Juliet Sychrava reports on raised profits and turnover in a state-owned electricity generator

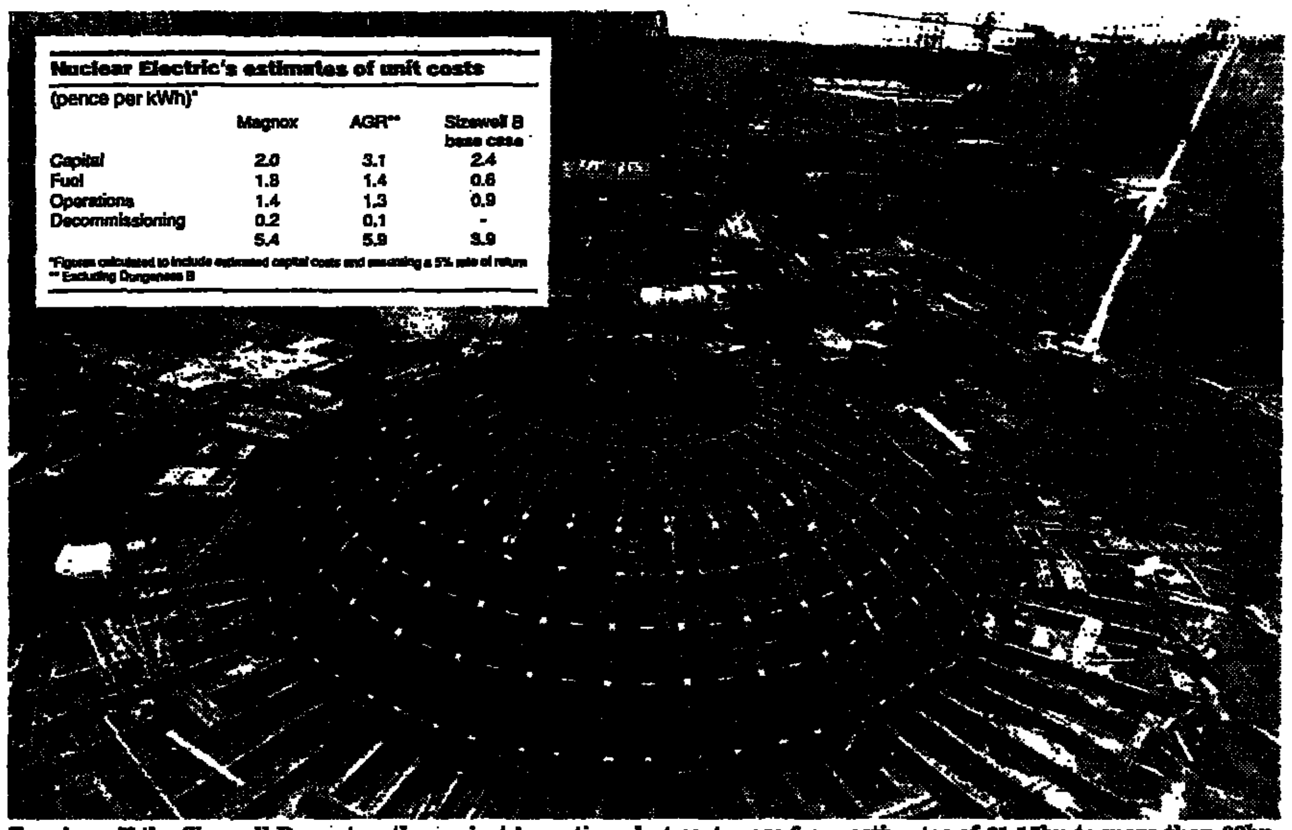
NUCLEAR Electric, the state-owned company which operates the nuclear power stations of England and Wales, has just completed its first year of independence after it was split off from the electricity industry in March 1990. Its results are announced today. The company's performance will be a critical factor in the government's decision on the future of the nuclear industry, due in 1994.

The results, as Nuclear Electric has hinted, are good. Turnover and profits are up, costs are down. That covers three of the six goals Mr John Collier, chairman, set last year.

A fourth, to finish Sizewell B, the nuclear station being built in Suffolk, on schedule and on budget, is more doubtful. The project is on time, but costs have risen from estimates of around £1.15bn in 1982 to more than £2bn.

Nuclear Electric now wants to cut the costs of decommissioning, or dismantling existing stations. It recently submitted a proposal to delay the decommissioning process, lopping between £50m and £90m a year off the provision it makes for decommissioning.

Mr Collier's last objective, to reduce the controversial nuclear subsidy, is still some way off. Levied from consumers on all sales of electricity produced from fossil fuels, the subsidy is worth around £1bn a year and provides more than half its income. Without it, the company would make a loss.



Nuclear Electric's estimates of unit costs

(pence per kWh)*

	Magnox	AGR**	Sizewell B base case
Capital	2.0	3.1	2.4
Fuel	1.8	1.4	0.6
Operations	1.4	1.3	0.9
Decommissioning	0.2	0.1	-
	5.4	5.9	3.9

*Figures calculated to include estimated capital costs and assuming a 5% rate of return
** Excluding Dungeness B

Topping off the Sizewell B reactor: the project is on time, but costs rose from estimates of £1.15bn to more than £2bn

With the subsidy, Nuclear Electric is paid around 4.2p per unit for its power, giving it, it estimates, a profit of around 0.2p per unit. That is based on Nuclear Electric's estimate of its costs at 4p per unit.

That compares with the benchmark 3.2p per unit quoted for coal-fired generation, while the estimated cost of electricity from the new generation of gas-fired power stations is closer to 2.5p per unit.

But because Nuclear Electric is a public sector company which finances its capital costs through liabilities, its 4p unit cost cannot be directly compared with competitors.

Recognising this, Nuclear Electric recently published figures estimating the cost of nuclear power from its various different stations, assuming a 5 per cent return on capital.

It is a calculation that Mr Gordon Mackerron, senior fellow at Sussex University's Science Policy Research Unit (SPRU) rejects: "The government will insist on an 8 per cent return on capital, and if you consider that the private sector probably uses a figure closer to 10 per cent, 8.5 per cent should be the minimum."

At an 8 per cent return on capital, the cost of power from Sizewell B goes up to around 5.2p per unit, hardly competitive with gas-fired electricity at around 2.5p per unit.

But, Nuclear Electric argues, a second Sizewell B would provide cheaper power – at around 4p per unit – because the first station of a kind bears heavy initial costs.

Overall, Nuclear Electric argues, its costs will fall by a third over the next decade as it increases output and capital costs fall. By 2005, it believes, nuclear power will compete with coal-fired electricity.

Mr Mackerron is sceptical. In France, he points out, the cost of nuclear power is higher now in real terms than it was when the first plants were built.

But nuclear power could still be competitive, Nuclear Electric argues, if the cost of gas and coal rises

Nuclear Electric has one final card to play. The cost of closing stations is so high, it argues, that it is cheaper to keep them running.

There is still, critics point out, a case for closing certain nuclear stations – notably Dungeness B – which cost well above the average. But because the nuclear industry's main burden is its heavy capital cost, the company's final survival bid, albeit a somewhat desperate one, may be its best.

BAA to shed 1,000 staff at British airports

By Charles Leadbeater, Industrial Editor

BAA, the British airports operator is to shed 1,000 staff in the coming year, a tenth of its workforce, in response to the impact of the recession in the UK and the slower than forecast pick-up in travel in the wake of the Gulf war.

The job reduction plan is the most radical cost cutting programme ever carried out at BAA, the privatised former British Airports Authority, which employs 10,700.

It will be one of the main outcomes of a wide ranging review of the business being conducted by Sir John Egan, the group's recently appointed chief executive.

The move follows job cuts throughout the aviation and travel business. The company is one of several privatised companies including BT, the telecommunications group and BP, the oil company, which have announced significant labour shedding programmes in the last year.

BAA, which operates Heathrow, Gatwick and Stansted, as well as five smaller regional airports, is facing a squeeze on its margins with lower than forecast passenger volumes and tighter regulation of its price.

The rationalisation plan, which was disclosed yesterday at BAA's annual meeting, comes two-and-half weeks after the Civil Aviation Authority (CAA) unveiled a much tougher than expected set of price controls on the airports operator.

The CAA, which regulates UK airports, proposed that from next April increase in airport charges should be limited to 8 percentage points below the rate of inflation. This is much tougher than the Monopolies and Mergers Commission's proposal that price rises should be kept to the rate of inflation minus 4 per cent.

The slowdown in passenger traffic as a result of the recession and the Gulf war has already taken its toll on BAA which last month reported a 3.5 per cent drop in pre-tax profits for 1990-91 to £247m.

At the height of the Gulf war the volume of passengers using BAA's airports was 25 per cent down on the year before. Last month it handled 6.5m passengers, 7 per cent down on a year before.

Sir Norman Payne, the company's outgoing chairman, told the meeting that it could not rule out compulsory redundancies. However, most of the job cuts should be achieved through natural wastage and voluntary redundancy.

Second runway planned at Manchester

By Ian Hamilton Fazey

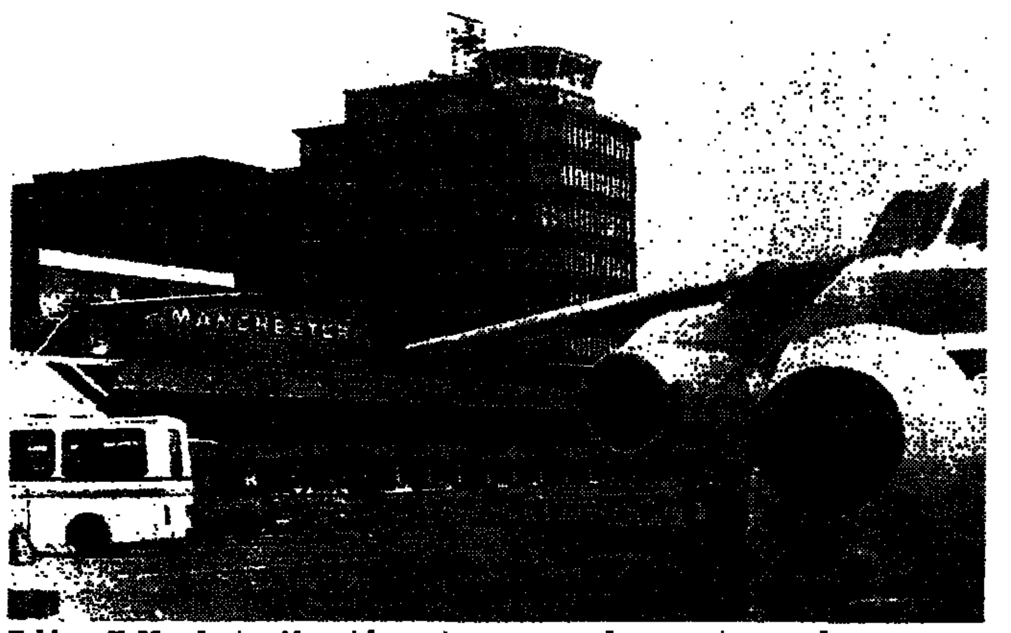
MANCHESTER Airport yesterday decided to build a second runway by 1998 which would enable it to almost treble capacity to nearly 30m passengers a year and make the airport one of the twelve biggest in the world. The project is expected to arouse fierce local controversy.

The runway, which would increase aircraft movements at Manchester in north west England from 30 to 42 an hour - the same as London Heathrow - would be 3,000 metres long and has been costed at £36m.

The airport claims the extra expansion would be worth 50,000 new jobs by the year 2005.

Three areas have been picked for further study of operational, physical and environmental effects. The most viable will be chosen within a year. A formal planning application will follow, with a public inquiry almost inevitable.

The airport, which is already the fastest-growing in Europe and the 17th largest in the world, has international gateway status and is the UK's official northern hub. It is owned by the ten local authorities comprising Greater Manchester county and made £33m profit in 1990-91, despite recession and the effects of the Gulf war.



Taking-off: Manchester Airport hopes to use a second runway to expand

It handles 11m passengers a year and has a theoretical runway capacity for 24m. However, it is already stretched at peak periods and will reach a practical operational limit at about 18m passengers a year.

Present terminal capacity of 12m passengers a year will increase to 18m when the first phase of Manchester's second terminal opens in 1993, rising to 24m in 1997. This means in effect that the new runway will be needed to get full use out of the new terminal.

Mr Gil Thompson, the airport's chief executive, said yesterday that planning a second runway would assure airlines that they could also plan to expand at Manchester.

British Airways, the largest UK flag carrier, would only invest hub services at airports with two runways as an insurance against one being closed by accidents. American Airlines and Delta, the US carriers, recently started new transatlantic services from Manchester and were keen to start more, he added.

Economic arguments will figure strongly in Manchester's case. The single Chicago-Manchester service started by American three years ago generated 1,500 new jobs in its first year. Mr Thompson says each new route adds £14m of value a year to the local economy.

Aircraft noise will figure largely in a £50,000 environmental impact study which the airport will pay for as part of consultations to win over the local community.

Mr Robert Farr, co-ordinator of the Styal Action Group - named after a Cheshire village near the airport - said yesterday: "The runway is unnecessary given the volume of traffic predicted by the Department of Transport."

BRITAIN IN BRIEF

Rover lifts car output by 3.69%

Rover Group, the UK's largest car maker, increased its output by 3.69 per cent to 191,594 in the first five months of this year, on a year-on-year basis, despite the slump in UK new car sales, according to statistics from the Society of Motor Manufacturers and Traders.

Second-placed Ford saw a 10.67 per cent rise for the same period, output rising to 156,661, while third-placed Vauxhall saw a 8.5 per cent rise to 117,391.

The statistics underline the extent to which a 25 per cent drop in UK new car sales has been offset by higher exports for the UK's "big three". The latest export boost takes the form of an increase in scheduled Vauxhall exports this year to 85,000 from 70,000, bringing the total to 109,000 since Vauxhall revived exports to the Continent in September last year.

Brooke calls for new Ulster talks

Mr Peter Brooke, Northern Ireland secretary, has called for the local political leaders to be ready after the summer to start negotiations on fresh "round-table" talks on the province's political future.

Speaking in Dungannon, in the province, Mr Brooke said he believed the approach he had taken in the last set of talks, which ended earlier this month without any agreement, was right. The search for an accommodation had to continue.

He rejected suggestions that he should "impose" a solution or make "direct rule" permanent. Mr Brooke also doubted whether closer integration between the province and the rest of the UK, "would command widespread support within Northern Ireland."

Labour faces injunction

The opposition Labour Party is to face a High Court challenge over claims that it bent the rules over the reselection of Mr Frank Field, the Labour MP for Birkenhead, north west England.

Mr Paul Davies, a left-wing trade union official, announced that he was seeking an injunction Labour's national executive committee over the reselection process for the seat in which Mr Field beat him last month.

Debt advice funding urged

Big money lenders should be made to finance a new network of advice centres to help people who get into debt, according to the Society of Labour Lawyers.

The credit explosion of the 1980s has led to massive rises in consumer debt and home repossessions, the society said in a pamphlet, Equal Rights for All.

"The companies benefiting from this vast amount of borrowing should themselves provide sufficient financial assistance to ensure that debtors receive appropriate advice," the society added.

Transfer fees plan for staff

Personnel directors are considering the feasibility of a transfer fees system under which companies would be compensated for losing their staff. The investigation by the Institute of Personnel Management has been prompted by the high incidence of employers poaching staff who have been trained expensively at other organisations. IPM-funded researchers are considering the merits of a system under which the poaching employer would be required to refund some training costs.

Picket rules to stay unaltered

Mr Michael Howard, employment secretary, is likely to resist pressure from backbench Conservative MPs for substantial changes to be made to the rules governing the picketing of employers by trade unions.

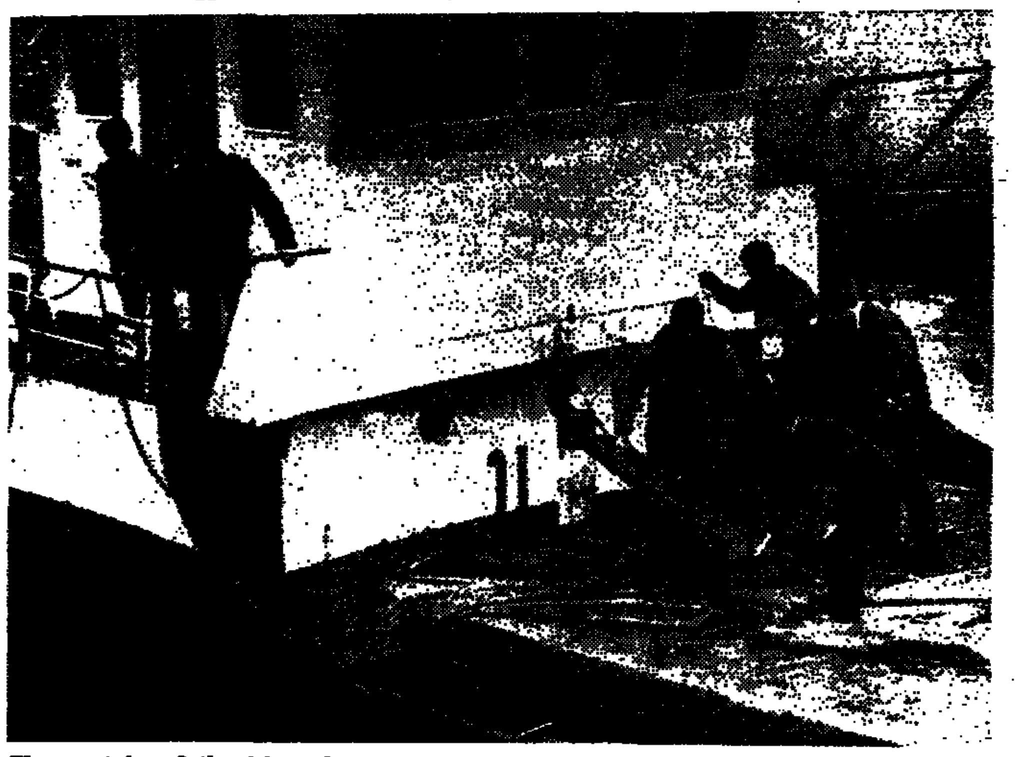
A draft revised code of practice on picketing published by the Department of Employment, leaves the recommended number of pickets at any one workplace entrance at six. There have been calls from some backbenchers to reduce the number to two.

Dons challenge Clarke on pay

Mr Kenneth Clarke, education secretary, has been challenged in the High Court over his decision to hold back £13m of grant to the Polytechnics and Colleges Funding Council until he is satisfied with arrangements for lecturers' pay.

Mr Clarke wants more of the polytechnics' pay bill to be targeted on areas of teacher shortage and to be used to reward good teaching. The Association of Polytechnic and College Teachers asked Mr Justice Simon Brown to declare that Mr Clarke had acted outside his powers and to compel him to make the money available.

Last year it was announced that the total funding available for 1991-92 would be £870m. But in February Mr Clarke said £13m would be held back until satisfactory pay settlements were achieved.



The captain of the Eksund, a Panamanian-registered coaster pictured above after seizure by French customs agents for illegally shipping weapons to the IRA, has been given a three year jail sentence. Adrian Hopkins, 52, pleaded guilty in a Dublin court to having guns and explosives in French territorial waters in 1987. Munitions included 20 SAM 7 missiles, 1,000 Kalashnikov rifles and a million mortar shells loaded in Libya.

TECHNOLOGY

Fresh ground for the wheel

Andrew Baxter reports on a tyre and rim system that resists punctures

In an industry where the pace of technological change varies from glacial to evolutionary, any attempt to reinvent the wheel is unlikely to pass without comment – especially when a product is launched which appears to have done just that.

Users of construction equipment in Canada and the UK are showing interest in a new tyre and rim system which removes one of the biggest problems faced by machines such as skid-steer loaders – punctures.

As their name suggests, these small workhorses of demolition sites and scrap yards steer by skidding, and are often driven over a surface that can be a bed of nails literally and metaphorically. Punctures are three times more likely than on average construction equipment, and a frequent source of friction between users and hirers.

Alan Burns, an Australian mining engineer turned inventor, has sunk A$6m-7m (£2.8m-£3.2) over the past five years into turning his idea for a puncture-free wheel into commercial reality. Now the investment by Burns and his Australian company, Altrack, is paying off.

Earlier this year, Iatco, a Canadian company in which Altrack is the largest shareholder, opened a manufacturing plant in Toronto. This is struggling hard to meet domestic demand, let alone supply Abingdon-based AirBoss Ground Engagement, which was established in March and holds the European franchise for the wheels.

Andrew Helby, AirBoss managing director, plans to stick to the UK market before mounting an assault on the continent next year, which is probably just as well: six weeks after AirBoss was formed the wheel won the Gold Medal at SED, a UK construction equipment show, and plant users are beating a path to Helby's door.

The object of all the fuss turns out to be remarkably simple. The tyre comprises a number of hollow-moulded rubber segments which bolt on to a special wheel rim. The idea is that the segments support each other, but distort separately when the machine passes over an obstacle.

By definition, the tyres cannot puncture – there is no compressed air. But each rubber section can be removed with a wrench and replaced in 15 minutes if damaged.

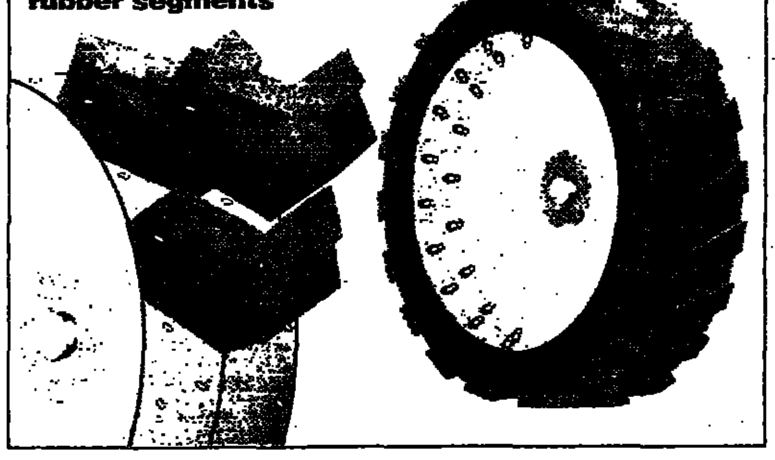
The conventional solution to the puncture problem has been equally simple – solid or foam-filled wheels. The drawback, however, is a rough ride for the machine and driver. Helby says the AirBoss system gives a ride about 80 per cent as good as the best pneumatic tyres.

Consequently, Helby believes the manufacturers of solid or foam-filled tyres are more likely to be worried by the AirBoss wheel than the big pneumatic tyre producers. "This is a premium product, and we're not looking to take a 50 per cent market share."

For a skid-steer, one AirBoss tyre and rim will cost £230 compared with £100 for a good quality pneumatic tyre, but Helby says the new tyre will probably last 30 per cent longer on average applications and save the time wasted on fixing punctures.

The increased traction from a relatively high contact area makes the system unsuitable for some uses – at a waste paper plant the wheel stuck to the top sheet of paper and spewed the bottom layers out behind it.

AirBoss tyre with detachable rubber segments



AirBoss and its UK owner, Select Industries, have a 10-year business plan to exploit the European market and develop the wheel for larger equipment such as backhoe loaders and rough-terrain fork lifts.

This will initially involve convincing equipment manufacturers not to void warranties if the tyres are fitted – there are, for example, safety aspects to any adjustments to a tyre fitted to a loaded fork-lift. Ultimately, the aim is for manufacturers to fit the tyres as original equipment.

AirBoss plans to begin manufacturing of the rubber segments in Didcot by the end of this year, as the Toronto plant will have its work cut out supplying the huge north American skid-steer market, and currency movements are reducing the attractions of importing from Canada.

But Edward Vandyk, AirBoss deputy chairman and Select chief executive, is very disappointed by the response from UK metal-bashers quoting prices twice as high as their US counterparts for producing the rims. That could mean the metal rims will be made on the continent.

Keeping an open mind

Andrew Baxter describes advances in continuous mining machinery

The heavy brigade that dominates the supply of big pieces of equipment to the open cast mining industry often resembles a fully-laden transport crawler steadily inching forward across rough ground towards an uncertain destination.

Technological innovation proceeds with the measured tread of a huge walking dragline, the largest of which shift their 4,000 tonne bulk along on huge feet as they cross the mine surface.

New products, and particularly the vehicles used by the mining industry, are frequently just bigger versions of their predecessors, while some shovel designs have remained basically unchanged for more than a century.

At the heaviest end of the market, the incentive to innovate is hampered by the long working life expected from the equipment, and the certain knowledge that no single new product can transform the market when mining conditions vary so widely.

Occasionally, though, the industry tries to do something a little different. Executives at Krupp Industrietechnik's mining division are hoping to turn the Rawhide mine in Wyoming into a Mecca for the open cast coal mining industry this year with the debut of a pioneering continuous mining machine.

The Duisburg company's new Krupp Surface Miner is a rare attempt by an equipment producer to wrest part of the market away from rivals offering a completely different method of extraction.

Its launch comes after about four years of modest growth in the open cast mining industry. That has increased confidence among equipment producers that customers will pay for new plant which helps them extract their gravel, coal and minerals more economically.

"The mining business is competitive but profitable," says Heribert Wiedenhues, chairman of Krupp Industrietechnik and head of Krupp's mining and materials handling division. "If you have not made profits over the past two years you have an internal problem."

Krupp knows all about the challenges of developing new products for the mining industry. Along with another German company, O&K, it dominates the DM500m-600m (£170m-200m) world market for bucket wheel excavators (BWE). The largest of these leviathans can handle 240,000 cu.m of material a day with a total digging range of up to 100m. The bucket wheel alone can have a diameter of 21.6m.

These machines are ideal for mining soft materials such as lignite, gravel and sand, and for conditions where there is a high proportion of overburden – the spoil that lies on top of the material being mined. But they also have a working life of 30 years or more: "Unfortunately from our point of view, our equipment lasts too long," a Krupp official laments.

Krupp's first BWE of this size was commissioned in 1978, and while the electronics in the cab may have developed since then, the basic design has been unchanged for years. Krupp has long since diversified into compact BWEs, and its Surface Miner is an attempt to take bucket wheel technology on to new ground.

The KSM comprises four bucket wheels which cut into the face of the rock, as the crawler excavator to which they are directly mounted moves forward steadily. The connection by torsion-resistant supporting beams allows very high forces to be transferred to the cutting lips of the buckets.

The key to the design lies just behind the bucket wheels where an adjustable blade and skidboard transfers the forces from the cutting process to the ground by the shortest route. This reduces vibration and ensures the miner is not difficult to steer while excavating.

Mounted on two crawlers, the KSM moves in the path it has excavated and can be tilted to cut ramps and excavate sloping faces. The mined material is picked up on internal conveyor belts, which can be linked to further conveyor belts or dumpers.

For Wiedenhues, the KSM represents an attempt to challenge the traditional process of drilling, blasting and loading semi-hard materials such as coal, bauxite, limestone or gypsum – but not harder materials such as granite which still require blasting.

The machine is also a response to changing conditions in the mining industry – greater depths of overburden, and the need to exploit mined deposits more fully by slicing away the overburden and mining thin seams underneath.

John Bailey, a London-based mining consultant, says the KSM "will not turn the world upside down" but notes its ability to work on a slope without churning up the mined material and the overburden, and to produce a continuous flow of material small enough to make a primary crushing unit unnecessary.

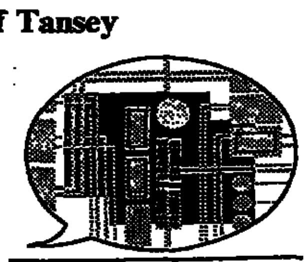
The commercial success of Krupp's new machine may well depend on the experiences of the launch customer which will begin operating the KSM at the end of this year. The machine has been tested for some months at the mine in the Powder River Basin, and is the world's largest continuous surface miner, shifting 4,000 cu.m of material an hour. It is intended to be the middle size of a seven-model range built from standardised main assembly groups.

Bailey points out that, with applications varying so widely, there is room for two extraction processes. Continuous miners require the right sort of material to be successful, and with dense overburden the advantages of continuity are often lost through increased maintenance.

Still, in an industry where product lives are so long, Krupp has plenty of time to let the KSM cut its teeth.

No escape when lightning strikes

By Geoff Tansey



GUEST COLUMN

A lightning strike close to my home recently devastated my facsimile machine, modem and phone. The phone memories were wiped, the modem killed stone dead and the fax's electronics scrambled, leaving it smelling of singed components.

I was lucky – the computer was switched off and therefore escaped damage. But how common is this type of occurrence, what are the dangers and how can owners of such equipment avoid them?

No one keeps any figures, according to Clive Longhurst of the Association of British Insurers (ABI), but he believes it is rare. However, I know another journalist who lost his entire computer system when lightning struck his phone lines last November. Bradford Royal Infirmary's electronic switchboard suffered thousands of pounds' worth of damage at the end of June when lightning struck the ground and sent a surge through the power line.

Even Amstrad's design department found its machines reset when a horizontal bolt of lightning zipped passed its windows. As electronic devices spread rapidly in offices and homes, so too does the risk.

Lightning is an enormous discharge of electrical energy which, if it strikes directly or near a phone or power line, induces a huge voltage surge. Normal phone lines carry about 50 volts, rising to 80-90 volts when the phone rings. But lightning can cause a surge of thousands of volts.

BT protects its exchanges with various surge suppressors – there is a small one in each master socket where the phone line enters buildings but not enough to cover a close encounter of the lightning kind.

Any equipment you attach to BT's lines must be approved by the British Approvals Board for Telecommunications, but this approval process is geared to protecting BT's network and other network users, not your equipment.

However, a glass fibre optic link replacing the copper in the phone line – optical fibres transmit light pulses and thus are not electrically conductive – and a power surge suppressor on the power supply could protect electronic equipment from such events, says Roger Baldwin of the Lightning Centre of AEA Technology at Culham Laboratory.

However, the only advice from telecoms watchdog Oftel, Amstrad and BT seems to be that if you are worried in a thunderstorm, unplug your electronics from phone and power lines.

What if the worst does happen? You then discover just how good your maintenance contract and insurance is. My fax came with a one year on-site maintenance contract, which, according to Amstrad, means that problems should be dealt with in 48 hours.

However, GEC-Avery, which does the servicing, says its contract is for "best endeavour" within five working days but the company tries for 48 hours. I called Monday, they came Saturday morning took the machine away and quoted a possible repair charge higher than what a new one costs.

To be fair, GEC-Avery, which maintains a range of electronic equipment, said the call-out rate after the weekend storms was 20 per cent higher than the highest ever. Larger firms make their own contracts for on-site maintenance with response times as little as two hours, but with costs set accordingly.

How about insurance? Normally lightning is an insured peril, so if you can show the damage is due to lightning your policy should pay up. But professionals taking equipment home from the office and home workers should beware, says the ABI. Most household policies exclude equipment used for professional purposes. So you need a separate commercial policy for any professional equipment used at home.

MANAGEMENT: The Growing Business

One of the most popular government initiatives to help small firms – the free telephone helpline known as Freefone Enterprise – has become less accessible to many businesses during the transfer of responsibility for it to the Training and Enterprise Councils (Tecs).

Despite a plan to maintain access to the system during the handover, technical problems have made it difficult for many callers to get through. In the longer term a single, easily recognisable point of contact seems likely to be replaced with a confusing plethora of helplines if the present enthusiasm of some of the Tecs for segmenting their target markets is continued.

Freefone Enterprise attracted more than 300,000 calls in 1990 but responsibility for running the helpline, which formed part of the Department of Employment's Small Firms Service, is being handed over to the Tecs as they become established.

The Department of Employment says it took into consideration whether a Tec was planning to provide a telephone advice service when considering each Tec's business plans but it has been left to the Tecs to decide whether or not they think one is necessary. The department estimates that only about half of the 82 Tecs in England and Wales now provide advice lines.

Even some of those Tecs which do plan to provide a helpline have had other priorities in the first few months as they struggle to get established.

Attempts to smooth the changeover period by automatically referring calls made to Freefone Enterprise to alternative numbers have failed in some areas because of technical problems and because some Tecs have not responded to BT's requests for information.

"There have been some technical difficulties with the interim measures," the Employment Department says. "In some areas, the plug was just pulled. You just could not get through. We are sorting out the problem."

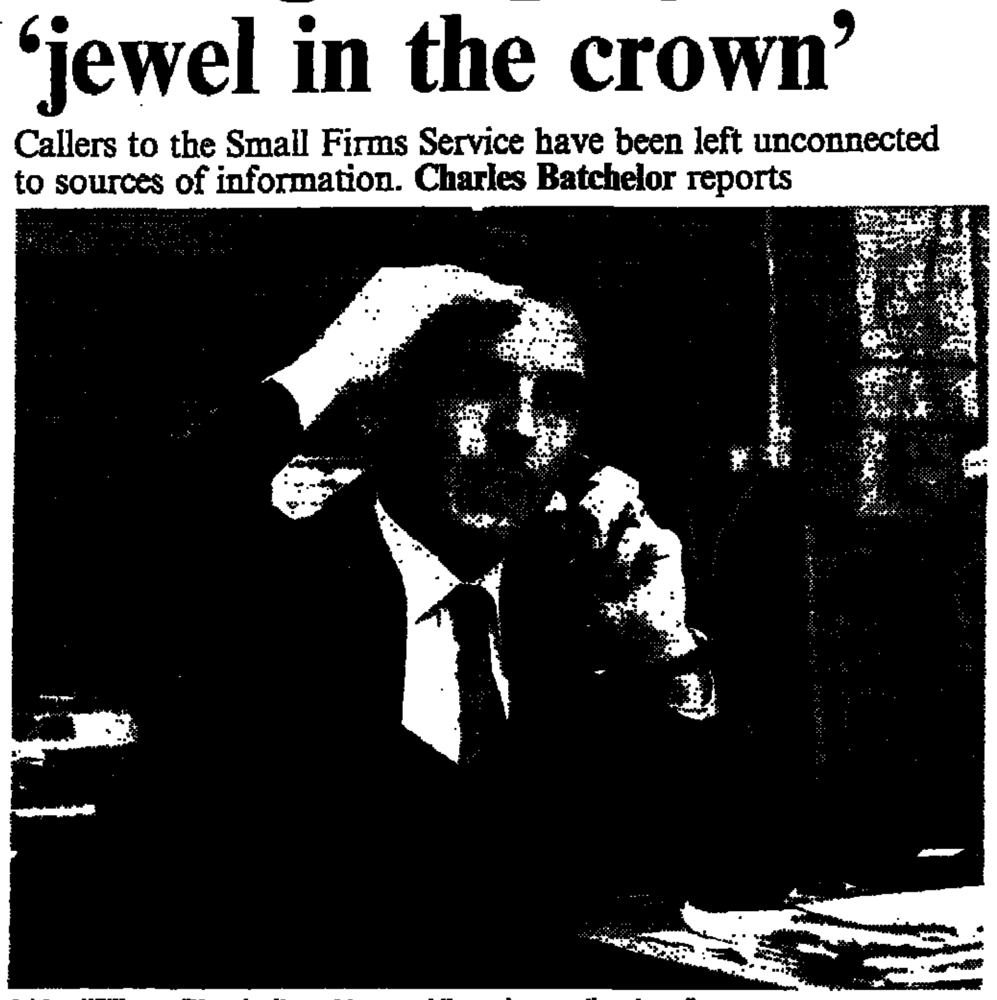
The result has been that businessmen have had difficulty tracking down sources of advice.

Adrian Williams, managing director of Link & Bind, a Bath-based marketing consultancy, says he dialled his local Freefone number but there was no answer. When he queried the number with BT he was told that calls were being re-routed to an office in Bristol

Freefone Enterprise

Pulling the plug on the 'jewel in the crown'

Callers to the Small Firms Service have been left unconnected to sources of information. **Charles Batchelor** reports



Adrian Williams: "You don't want to spend three days on the phone"

and that the phone appeared to have been unattended for several weeks.

Williams then tried the regional office of the Department of Trade and Industry and was given two numbers to call, one of which was for the local Tec. The Tec was unable to help so Williams finally went to his local enterprise agency in Bath.

"You spend a lot of time following up straightforward enquiries," comments Williams. "I just find the whole thing incredible from a small business point of view. There are so many different subjects you have to know about and you don't want to spend three days on the phone."

Jonathan Whitmore, small business operations manager of AvonTec, which covers Bath and Bristol, says the Tec has no immediate plans to create a Freefone number of its own. The Tec, which opened for business in April, has put a higher priority on creating the Avon Enterprise Consortium, a grouping of local enterprise agencies and colleges of further education. Consortium members do, however, have two telephone numbers which they pass on to small business callers.

The Forum of Private Business, a lobby group, says that in doing away with the Small Firms Service the department was disposing of the "the jewel in its crown". The Small Firms Service was set up in 1973 to provide basic information and signposting and in 1978 it added a counselling service provided by experienced business people.

Callers to Freefone Enterprise would be routed to one of 13 regional centres in the UK where they could ask for advice on a wide range of business issues. The telephone advisers could call up information from a computer database and could refer inquirers on to specialist sources of help if necessary.

During 1989/90, the last full year of operation, the information service handled 317,000 enquiries across the country and provided more than 50,000 business counselling sessions. But in line with the government's decision to decentralise training and small business help to the Tecs the decision to wind down the Small Firms Service was announced last year.

Some of the Tecs have taken up the idea of a telephone helpline with enthusiasm as a means of marketing themselves to their local business communities. Hertfordshire Tec, one of the first Tecs to be established, has two lines, one for general enquiries and one, called a Business Lifeline, intended for businesses in crisis because of the recession. The same team of two staff, sometimes backed up by a third adviser, answer queries on both lines, says Judy Green, deputy chief executive.

Green says the two services are advertised in different ways aimed at different segments of the small firms market. She says she does not believe that potential callers would be confused by the existence of two helplines.

As well as providing the sort of information which would have been available from the old Freefone Enterprise line, Hertfordshire TEC is also able to provide more localised information to callers, she says. It has, for example, established links with Hatfield Polytechnic, which has a database of labour market information.

Solotec, which covers Bexley, Bromley, Croydon and Sutton, is another Tec to launch a free telephone advice service aimed primarily at small firms suffering from the recession. But in the early stages at least callers to Solotec do not go through to Solotec's offices but are automatically rerouted to the old Small Firms Service information centre in Victoria, London, where they are answered in the name of Solotec.

The London branch of the Small Firms Service has remained in operation to provide information and counselling services for the nine London Tecs. The Victoria office at present handles calls for two of the London Tecs but ultimately the office could handle calls for all nine. Advanced telephone equipment would identify from which area the caller was phoning and allow the adviser to respond in the name of that particular Tec.

As the London Tecs develop their range of services they will be able to provide more information to the Small Firms Service to allow its advisers to provide localised information to callers. At present, though, a great deal of ingenuity is being devoted to creating the illusion of a local service.

Present trends would seem to confirm the criticism from some people in the small business community that in this particular area the Tecs are "reinventing the wheel". What is more worrying is that the current approach appears to do little to further attempts to create a coherent system of small business support.

Brussels' 'quantum leap' in enterprise policy 'paying off'

If thirst for knowledge alone were a measure of the prosperity of small and medium-sized businesses in the EC, then they could be said to be thriving.

This year the European Commission's Euro-Info-Centres (EICs) – set up four years ago to answer queries on EC policy from growing enterprises – expect to handle about 20,000 inquiries a month. That compares with about 200,000 inquiries last year, and just 40,000 in 1988, according to Heinrich von Moltke, the senior Commission official responsible for growing businesses.

"The major topic [of queries] is competitiveness, so the first message of the internal market has got across," von Moltke said last week at the launch of the 1990 EIC annual report.

Of last year's inquiries, 21.6 per cent were about EC research and development programmes, 18.5 per cent about the internal market and industrial policy, 8.8 per cent about general institutional and financial matters, 7.1 per cent about customs union and movement of goods, and 6.5 per cent about regional policy.

Von Moltke seems to thrive on such statistics, and he is already collecting evidence that the recent "quantum leap" in enterprise policy – Brussels hyperbole for proposals to help smaller businesses face the challenges of the single market – is paying off.

The programme was endorsed by member states in June, adding Ecu25m to the Ecu110m budget already approved for enterprise policy. The extra money will be spent, for example, on improving the quality of information provided by the 211 EICs across the Community, focusing on specific sectoral and regional problems, and the quality of information feeding back from smaller businesses to the Commission services.

The two other principal areas covered by the Commission's "new dimension for small and medium-sized enterprises" are both forms of dating agency for smaller businesses. One – the Business Co-operation Network (BC-Net) – tries to put companies searching for partners in touch with one another via a computer network. The other, the Europartenariat, acts as a forum for small and medium-sized companies in depressed regions to meet potential investors and partners from elsewhere in the Community.

Other ideas being aired include an attempt to improve the marketing techniques of the EC's smaller businesses, an experimental scheme for training managers for the challenges of 1993 and a centre for monitoring the impact of new Commission measures and assessing the development of smaller businesses.

Ranieri Bombassei, the Commission official with immediate responsibility for the "new dimension" policy, says one aim is to persuade the EC's 13m small and medium-sized businesses that the internal market will have positive benefits for them. But despite the work already done he acknowledges that "we still have to be missionaries".

Smaller businesses would like him to make red tape one target for his missionary zeal.

Earlier this month, for example, Britain's Institute of Directors warned that the cost of EC product standardisation and certification demands could be crippling for smaller UK companies.

More generally, in its commentary on the "new dimension" initiative, Unice – the Brussels-based body which represents Europe's industrial and employers' confederations – has called on the Commission to consult industry more frequently and systematically, and to take the lead in forcing member states to simplify administrative procedures.

Unice even wants a clause inserted in the new EC treaty to ensure that directives "avoid imposing administrative, financial and legal constraints in a way which would hold back the creation and development of small and medium-sized undertakings".

Bombassei cannot guarantee that, but he started on the right lines with his own staff: "I told them we could not get into procedures and bureaucracy, because there are sufficient problems with that at a national level."

The problem now is spreading the same bureaucracy-free gospel to the other Commission departments, enabling them to "sell" the research and aid programmes which they control and which might benefit smaller businesses. "We can't do the job for the others, but we can try to create something which will help the different departments to add value to their products," Bombassei says, using the language of the entrepreneurs with whom he identifies.

He and his team consulted almost all of the 23 directorates-general before publishing their policy proposals last year, and received unanimous approval for the plan.

Andrew Hill

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The booklet, intended for small and medium-sized businesses, explains which is the most appropriate form of training for different situations and how to choose the right material.

NEDO is also seeking between six and nine smaller companies to take part in a pilot project† to install TBT. The chosen companies would receive free advice but would have to pay for any equipment required.

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- ☐ 27 employees.
- ☐ Turnover approximately £2.5m.

For further information please contact the Joint Administrative Receiver, *Mr Harold Wilks or Mr Michael Grieshaber at the address below or at the* company's premises (telephone number 0420 63535).

Carlton House, Carlton Place, Southampton SO1 2DZ.
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For further details please contact the Administrative Receiver, *Raymond Hocking*, FCCA at Stoy Hayward, 8 Baker Street, London W1M 1DA. Tel: 071-486 5888. Fax: 071-487 3686. Ref. 13/MJL/DWC.

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For further information contact the Joint Administrative Receivers Ken Jones and Andrew Menzies

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FT LAW REPORTS

Shipowners get judgment on guarantee

THE MARIA D
House of Lords (Lord Keith of Kinkel, Lord Brandon of Oakbrook, Lord Ackner, Lord Oliver of Aylmerton and Lord Lowry): July 24 1991

A BROKER who agrees orally with shipowners to guarantee charterers' liabilities under a charterparty which, when concluded, contains a clause signed by the broker in terms of the guarantee agreement, is chargeable under the guarantee whether he signed for himself or as charterers' agent, in that if he signed for himself the clause would comprise the agreement, and if he signed as broker it would comprise a memorandum of the prior oral agreement, both of which would be enforceable by the shipowners under the Statute of Frauds.

The House of Lords so held when allowing an appeal by Elpis Maritime Co Ltd, owners of the Maria D, from a Court of Appeal decision setting aside an order for summary judgment against brokers, Marti Chartering Co Inc, as guarantors of charterers' liabilities.

Section 4 of the Statute of Frauds 1677 provides: "No action shall be brought ... upon any special promise to answer for the debt ... of another person ... unless the agreement upon which such action shall be brought, or some memorandum or note thereof, shall be in writing, and signed by the party to be charged therewith, or some other person ... authorised."

LORD BRANDON said that by a charterparty dated October 27 1988 the shipowners chartered Maria D for a voyage from Turkey to Algeria.

The charterparty was negotiated through brokers, Tramp Maritime, for owners, and Marti for charterers.

During negotiations Tramp insisted that Marti should guarantee charterers' demurrage and freight liability. Marti agreed.

The charterparty was on the Gencon form. It consisted of printed clauses and additional clauses.

The front sheet was signed for owners as principals. It was also signed for Marti "for and on behalf of charterers as brokers only".

On all the succeeding pages, except the last, there appeared a signature or initials for the owners, and a signature for Marti without indicating whether they signed as brokers. On the last page appeared a signature for owners with "OWNERS" typed above, and a signature for Marti with "CHARTERERS" typed above.

Clause 24 of the charterparty, on the second page of the additional typed clauses, provided that demurrage was guaranteed payable directly by charterers to owners – "however Marti guarantees about outstanding demurrage, if any, and for balance freight".

The charterers failed to pay demurrage and final freight. Arbitrators awarded the owners $175,533, which was not paid.

In the Commercial Court the owners applied for summary judgment for $175,533 under the guarantee. Marti admitted the guarantee contract, but contended it was unenforceable by reason of section 4 of the Statute of Frauds 1677. They contended the amount due was no more than $144,820.

Mr Justice Saville held that the requirements of section 4 were satisfied. He gave summary judgment for $144,820 with leave to Marti to defend the balance of the claim. The Court of Appeal allowed Marti's appeal against summary judgment. The owners now appealed.

Section 4 of the Statute of Frauds provided that no action should be brought on a guarantee "unless the agreement upon which such action shall be brought, or some memorandum or note thereof, shall be in writing, and signed".

The section prescribed two ways in which a contract of guarantee might be made enforceable – first, by written agreement signed by the party or his agent; second, by note or memorandum of the agreement similarly signed. In the latter case the agreement itself might be oral.

Mr Justice Saville said that clause 24 of the charterparty was a note or memorandum of the guarantee.

The Court of Appeal, in reversing his decision, founded itself mainly on *Young v Schuler (1883) 11 QBD 651*, in which the Divisional Court and the Court of Appeal held that Mr Schuler had signed in dual capacity as agent and guarantor.

In the Court of Appeal, Brett, Master of the Rolls, said: "The question simply is, did he sign as a contracting party?" He said the evidence showed that Schuler intended it to be a double signature. That evidence did not contradict anything on the face of the document, and was admissible.

In the present case Lord Justice Bingham, with whom Lord Justice Parker agreed, said: "The question which arose in the action was: had Mr Schuler's signature satisfied the Statute of Frauds so as to make him personally chargeable as a guarantor." He said the upshot of the decision was that the beneficiary of the guarantee succeeded because there was extrinsic evidence of Mr Schuler's intention when he signed.

He said it was not clear whether Marti signed the clause 24 page in its capacity as contracting party or as agent, and that under Order 14 summary judgment could only be sustained if it was clear beyond serious argument that the signature was not purely an agency signature.

He was right as to the upshot of the decision in *Schuler*, but not when he said the question was whether Mr Schuler's signature satisfied the Statute of Frauds.

On the contrary, *Schuler* did not turn on any question relating to the Statute of Frauds. The question was whether Mr Schuler was party to the agreement and, in that connection, whether extrinsic evidence of his intention when signing was admissible to show that he signed not only as agent but also for himself.

Of the five judges who dealt with the case, four made no reference to section 4. The only judge who did was Mr Justice Manisty in the Divisional Court and it was difficult to understand why.It was clear the Court of Appeal did not regard enforceability under section 4 as a question for decision.

The present case differed fundamentally from *Schuler* in that it was not in dispute that there was an oral contract by which Marti guaranteed demurrage and freight.That contract was made in telephone conversations before the charterparty was signed. The evidence showed that without *Marti's agreement to the guarantee* it was likely that no charterparty would have come into being.

If it was assumed that Marti signed the clause 24 page as a contracting party, the prior oral guarantee agreement was subsumed in the written agreement contained in clause 24. There was, on that assumption, a written guarantee agreement signed by the party to be charged, enforceable in the first of the two ways prescribed by section 4.

Alternatively, if one assumed that Marti's signature was affixed as charterers' agent, the question was whether clause 24 constituted a signed memorandum or note of the prior oral guarantee agreement, enforceable in the second of the two ways prescribed by section 4.

In *re Hoyle [1983] 1 Ch 84,100* Lord Justice Smith said, correctly: "The question is not what is the intention of the person signing the memorandum, but is one of fact, viz, is there a note or memorandum of the promise signed by the party to be charged?"

It was irrelevant whether Marti signed as charterers' agent or for itself. Clause 24 contained all the terms of the prior oral guarantee agreement and Marti's signature was affixed to the page containing that clause.

The page contained a sufficient memorandum or note of the prior oral guarantee agreement signed by the party to be charged, so as to satisfy the second requirement for achieving enforceability prescribed by section 4.

The Court of Appeal erred in treating the issue of the intention with which, or the capacity in which, Marti signed as relevant to whether the page contained sufficient memorandum or note of the prior oral agreement.

On either of the two assumptions there was an agreement of guarantee between the owners and Marti which satisfied the requirements for enforceability prescribed by section 4. On the first assumption there was an agreement in writing signed by Marti. On the second there was an oral agreement of which there was sufficient memorandum or note signed by Marti.

Since the owners were bound to succeed on the question of enforceability on one assumption or on the other, Marti had no arguable defence to the claim for $144,820.59. It followed that the owners were entitled to summary judgment.

The appeal was allowed. Mr Justice Saville's order was restored.

Their Lordships agreed.

For the shipowners: Bernard Rix QC and Duncan Matthews (Richards Butler).
For Marti: Gabriel Moss QC and David Marks (Stephenson Harwood).

Rachel Davies
Barrister

Don Giovanni

GLYNDEBOURNE

Peter Hall's production of *Don Giovanni*, on its fourth appearance at a Glyndebourne summer festival, in the safe hands of Stephen Lawless has kept of its dark power. That on Sunday it once again made a deep impression was due not only to tautness and swiftness and to an interesting new cast, but to the playing of the London Philharmonic under a conductor new to Glyndebourne, Donald Runnicles.

Mr Runnicles, Edinburgh-born and former pupil of the London Opera Centre, went early to Germany and secured for himself the kind of broad operatic experience only possible in that country, with guest appearances on both sides of the Atlantic. He must be persuaded now to spend more time on our shores.

An icy blast tore through the overture, with strings and wind so keenly separated that I wondered if the LPO had changed overnight to authentic practices. Speeds were fast, sometimes dangerously so, but there was room for finely-tempered soft playing. The drama was all – a baleful light was cast on the human activity revealed, a light well matched to John Bury's dour, thundery, South Bank-brutalist view of Seville. One detail: with so much gloom a more obvious distinction in their costumes (and hair-colour?) for Anna and Elvira would avoid occasional confusion.

The Giovanni is new to the role at Glyndebourne. Olaf Bär, celebrated as a recitalist, is no stranger to the stage. A polished, meticulous singer with a lieder expert's care for text and meaning, physically compact, alert, but liverish-looking, with a frigid kind of charm, less the smooth seducer than a rapper-out of orders. An interesting reading lacking the inner compulsion that explains if it does not excuse.

There was also a new Leporello in the Australian Gregory Yurisich – Covent Garden's William Tell last summer. A rougher, warmer voice than his master's, providing in his tone as well as his different kind of physical agility the perfect foil. A promising Masetto from Roberto Scaltriti (British début) whom we shall surely one day see as Giovanni. Peter Rose's Commendatore was grandly sonorous. His appearance in the last scene, not in the least resembling stone or marble but apparently smeared with wet mud, needs adjusting. Or was it still raining that evening? An Ottavio as young-looking as Richard Croft cannot help bringing out the irritating side of the character. This one mitigated the gentility with some sweet and well-moulded singing in both arias. But he must not swallow his words.

The women soloists shared a certain shrillness, which gave an exciting edge to the ensembles. There was some in the arias too. Yvonne Kenny's Anna, tightly buttoned-up as if intended by Providence for the Salvation Army, had some telling moments, more of them, unusually, in "Non mi dir" than in her first aria. The conductor wisely reduced the pressure in the later scenes, allowing the strings to warm up for the aria accompaniments. The Elvira of Marie McLaughlin, tempestuous, with just the right hint that in her more lucid moments Elvira knows she is being not only a nuisance but a bit of a goose, was more generous than the Anna with gracings and one was grateful. Alison Hagley's Zerlina was a sturdy, well-rounded portrait. One saw why, at various times in the opera's history, Zerlina has been considered the leading soprano role.

Ronald Crichton

Alastair Muir

Marie McLaughlin and Olaf Bär

Pressures put on public art

William Packer visits Milton Keynes

"Art for the City: Art in Public Places: Art for the People": whichever the form of its expression, the idea that art – which is to say serious art, good art – should play its full and natural part in our everyday, civilised lives, is one of the great shibboleths of our times. One is for it or against it, cultivated or philistine, modernist or reactionary, sympathetic in principle yet less certain, perhaps, in the event. To say that it is more honoured in the breach than the observance would be a shade unfair, for within the past 30 years or so there has been a marked proliferation of civic and public opportunities for artists, for sculptors especially, and of the pressure groups and agencies that commission them, just as there has been no lessening in the number of worthy councillors and committee-men who wish nothing more than that the whole bang lot of them would go away.

So the debate goes on, in terms that could only amuse and puzzle our forebears, who enlivened their cities with sculpture, fountains, monuments, to say nothing of the very latest architecture, and crammed their churches with art of every kind. Any new town represents just such an opportunity. No matter that Milton Keynes is not yet sure whether it is town or city: 20 years have passed since it was only a muddy field and twinkle in the planner's eye, and the work now in progress on its ecumenical Church of Christ the Cornerstone, with works of art commissioned for its enrichment, supplied reason enough to go down into Buckinghamshire to look at what is already there.

I went at the invitation of Edna Read, who has lived in Milton Keynes in all this time, ever an indefatigable one-woman pressure-group in the cultural and aesthetic interests of the place. The latest vehicle for her activities is AIM, *Art in Milton Keynes*, a trust she has set up to encourage particular initiatives and to prod the existing funding bodies such as the council, the county and the Development Corporation to do the decent and sensible thing on their own account.

Bronze in Milton Keynes: André Wallace's 'The Whisper', 1984; and Elizabeth Frink's 'Black Horse', 1978

My experience of an admittedly lightning visit was at once heartening and depressing: heartening for what has indeed been achieved and for the goodwill and good intentions clearly expressed for the future: depressing for what one can only take as bureaucratic buck-passing and shifting of responsibility in practice, the effects of which can already be seen in the particular deterioration of some of the works on permanent public show and a general sense of shabbiness and lack of care.

Meanness of spirit is a particular British vice, which in public life often takes the form of a terror of accepting any financial responsibility, however small, most of all of one that might readily be shifted onto someone else. Milton Keynes has a fine Black Horse by Elizabeth Frink, that has stood outside the Lloyds Bank since 1978 – incidentally, internally as badly designed a branch as I have ever seen. In common with every other piece of public sculpture in the town, it is unlabelled. The view taken by the civic authority is that, if a painter can sign his canvas for himself, so the sculptor should sign his own work, no matter that the innocent interested Milton-Keynsian might quite like to know what the work is called, and what it is made of, and when it was done – a standard formula after all.

Outside the Central Library André Wallace's two bronze girls have sat whispering since 1984, similarly anonymous. Inside is a large mural by *Boyd & Evans*, who are local residents, and off to one side is the town's only art gallery at present, a room lent by the library and large enough, given its current limited scope, but hardly a showpiece. The library authorities will not allow any sign on the street front to suggest that the gallery exists within.

Elsewhere, *Octo*, by Wendy Taylor, the town's very first piece of public sculpture, now stands perched in an empty pool where it should be floating on water. Is it being cleaned? Has the company to which the Development Corporation sold the land taken it on? Who will pay? Who knows? The piece by Liliane Lijn specially commissioned for the shopping centre has now been dismantled and stored who knows where. And alone on a small hill overlooking the canal in the farthest corner of Campbell Park sits a large metal head, a face in silhouette by Allen Jones, unkempt, overgrown and apparently forgotten.

To harp on such things is not to mock but rather to provoke a positive response, for these are matters not of principle but only of sensible, practical resolution. Milton Keynes rightly takes pride, indeed advertises itself as a decent, civilised and enjoyable place in which to live. If it acknowledges, as it would seem to do, that art has its place in this admirable scheme, then it has only to address itself to these practicalities, for it cannot have it both ways.

As for the future, are there to be galleries, theatres and concert halls in Milton Keynes? Such things have long been mooted, and if the town indeed aspires to be a true city, they must come. Meanwhile the church at its planned heart continues building, an earnest for the future and for the moment the most active centre for the bringing in of the newer art. The great iron cross by Alan Evans already sits high on the dome above the town, and the glass by Alex Beleschenko for the circular clerestory immediately below is soon to be installed.

For the rest the policy is sensibly to wait and see what is needed or wanted or the sympathetic imagination might suggest. No-one built a cathedral in a day and to plan to a finish was always a clear mistake. So it is of Milton Keynes at large, which has had enough, perhaps, of planning on the grand scale. Now is the time to encourage organic and ad hoc initiatives and intuition, take a few risks. No town ever took its character from its council.

Opera in New York

The Met season ended with a Domingo-conducted *Tosca*. The 1991-92 Met season begins in late September, and promises new productions of *Elektra* (Schenk, Levine; Hildegard Behrens), *L'elisir* (Copley, Panni; Kathleen Battle, Pavarotti/Kraus), *La fanciulla* (Giancarlo Del Monaco, Slatkin; Domingo, Milnes), and – the first new opera at the Met for 25 years – John Corigliano's *The Ghosts of Versailles* (Colin Graham, Levine; Teresa Stratas, Marilyn Horne), a "sequel" to *Figaro*. Meanwhile the city has not been left quite opera-less; smaller companies have been at work.

Measured Breaths Theatre Company is a daunting title, and the idea of staging Monteverdi's eighth book of madrigals, the Madrigali guerrieri et *amorosi*, as "an operatic work in two acts", set on the middle-eastern battlefield, seemed less than promising. But it worked. It worked amazingly well, and provided an evening of stirring, powerful drama, thanks to Monteverdi's genius and the skill and sensitivity of Robert Press, the director of the company. The constituent madrigals were composed over along period, but Monteverdi assembled them in a pattern; both the martial and the *amorous "acts" close with pieces* intended for dramatic representation: the *Combattimento di Tancredi e Clorinda* and *Movete al mio bel suon*, and the *Lamento della ninfa* and the *Ballo delle ingrate*.

In these madrigals, the metaphors of Eros and of Ares are used interchangeably. When three Uzi-armed, Desert Storm soldiers realistically enact the trio "Love, the enemy, is encircling the fortress of my heart! Quick! let us make a sortie to forestall his advance", their music becomes newly vivid. Vice versa in the *Combattimento* – military conquest represented as passionate rape. The performance was given in the Gene Frankel Theatre, an intimate space in New York's SoHo (i.e. South of Houston Street); the audience (about 150) was ranged at either end. The madrigals took shape in and moved through three dimensions. Eleven sure singers and a small ensemble were ably led by Roberto Pace. Press's English translation gave directness and immediacy to Petrarch, Tasso, and the other poets.

L'Opéra Français de New York played Gluck's first Paris opera, *Iphigénie en Aulide*, in Florence Gould Hall, an elegant 400-seat theatre. No opera house, Gluck once said, could be too large for this work, but the small performance confirmed that it is one of the grandest, boldest operas ever composed. The simple discord of the opening bars (shattering the C major of this life), the oboe's *cri plaintif de la nature*, and the bassoon's punctuation of Clytemnestra's aria (perhaps the most potent single note ever penned) rang out with tremendous effect. Yves Abel is a first-rate conductor. The cast wasn't great, but all sang with intelligence and expression. The force and greatness of the opera came across.

From the 20th century, the New York Chamber Ensemble, also in Gould Hall, presented a triple bill of revivals: Ned Rorem's slight, amiable *The Robbers* (1958), a version of *The Pardoner's Tale*; Douglas Moore's *Gallantry* (1958), a cheerful soap-opera spoof without the substance of Bernstein's *Trouble in Tahiti*; and John Harbison's Yeats opera *Full Moon in March* (1979) – four singers, eight players – which is a small, mysterious, poetic masterpiece that should have a place in the small-company repertory. Singing so-so; but Stephen Rogers Radcliffe had some of New York's best freelance instrumentalists under his baton.

In the Juilliard Theatre – Lincoln Center's 1000-seat opera house, too little used – the Juilliard Opera Center gave us what Mozart left of *Lo sposo deluso* (five numbers in varying states of near-completion) set in the context of Cimarosa's *Le donne rivali*, which has the same libretto. At main change-over point, a trio was sung first in Mozart's and then in Cimarosa's setting. Interesting idea. But *Lo sposo* is strangely weak Mozart, the Cimarosa is thin stuff, and the execution was poor.

Eighteenth-century comedy proves hard for students, and when the producer (she was Eve Shapiro) does not create characters but relies of fancy bows and curtseys, and bent-knees shambling for the buffo, the result is not much fun.

Likewise in the abridged *Finta Giardiniera* that Indiana University brought to the Juilliard Theatre – another episode in the Complete Mozart that Lincoln Center is presenting. This is – or should be – a strange,strong, dark opera: young Mozart composing with all his might, transfiguring the "comic" libretto (based on two attempted murders, and a heroine and hero driven mad by emotional conflict) that Anfossi had set in sprightly fashion the year before.

James Lucas, the producer, and Bryan Balkwill, the conductor, touched no more than the surface of the powerful, thoroughly composed score. Some modern productions of the *Giardiniera* may be *too* darkly psychopathic; but rather that an attempt to approximate Mozart's extraordinary drama to the Cimarosa-Pergolesi comic norm.

Andrew Porter

Jazz Proms at Leeds Castle

Among the artists appearing at Leeds Castle's Jazz Proms in August are the British bands of Kenny Ball, Monty Sunshine and Humphrey Lyttelton, German boogie pianist Axel Zwingenberger as well as Americans Champion Jack Dupree and the ReBirth Brass Band from New Orleans.

Also featured during the three evenings of jazz from August 22 to 24 are singers Helen Shapiro (with the Lyttelton band) and Elaine Delmar, Max Collie's Rhythm Aces, Alan Price and Tommy Burton.

Further details from 0622 880008. Leeds Castle is off junction 8 of the main M20 London-Dover motorway, four miles east of Maidstone.

Carreras concert

The tenor José Carreras will give a special one-night Christmas concert at the Scottish Exhibition Centre, Glasgow on Monday December 9, accompanied by the Scottish Opera orchestra and chorus, conducted by Elio Boncompagni.

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ ATHENS

Herod Atticus Theater 21.00 Christina Hogios Ballet, also tomorrow, Sat and Sun: Euripides' Iphigenia in Aulis, in a production by Karolos Koun's Art Theatre. Thurs and Fri in Lycabettus Theater: Municipal Theatre of Larissa presents Euripides' Iphigenia in Tauris (322 1459)

■ BRUGES

Sint-Annakerk 20.30 Consort of Viols with Catherine Bott soprano and Paul Nicholson organ, in a programme of music by Lawes, Locke and Purcell. Tomorrow at Sint-Jacobskerk: Il Giardino Armonico plays Vivaldi concertos. Thurs: Budapest Concerto Armonico Baroque Orchestra. Flanders Festival concerts in Bruges continue till Aug 10 (050-448686)

■ COPENHAGEN

Tivoli Koncertsalen 19.30 Goldberg Ensemble plays chamber music by Mozart, Haydn and Dvorak. Tomorrow: Noel Lee and Christian Ivaldi play piano duos by Debussy and Stravinsky. Fri: Aldo Ceccato conducts Tivoli Symphony Orchestra in a Dvorak programme, including the Violin Concerto with Uto Ughi. Sat: Okko Kamu conducts the Verdens Orchestra in music by Sallinen, Mozart and Mussorgsky (3315 1012)

■ GLASGOW

Royal Concert Hall 19.30 Sergei Vlasov conducts National Youth Orchestra of Scotland in Brahms' Academic Festival Overture, Rachmaninov's Piano Concerto No 2 with Peter Katin, and Prokofiev's Fifth Symphony (041 227 5511)

■ HAMBURG

Deutsches Schauspielhaus 20.00 Award-winning Broadway production of the musical 42nd Street, daily except Mon till September 8. Matinee and evening performances on Sat and Sun (248713)

■ LONDON

DANCE

Covent Garden 19.30 Birmingham Royal Ballet in David Bintley's full-evening ballet Hobson's Choice, music by Paul Reade. The repertory for the rest of the week is Frederick Ashton's La Fille mal gardée, with matinee and evening performances on Sat. The BRB season at Covent Garden runs till August 10 (071-240 1066)

Royal Festival Hall 19.30 English National Ballet in Mary Skeaping's version of Giselle, with sets and costumes by David Walker. Daily till Sat, with extra matinee performances tomorrow and Sat. The ENB Festival Hall season runs till August 17 (071-928 8800)

MUSIC

Hyde Park 19.00 Free concert by Luciano Pavarotti and the Philharmonia Orchestra to celebrate the 30th anniversary of Pavarotti's professional debut (0898-555645)

Royal Albert Hall 19.30 Iona Brown is director and soloist with the Norwegian Chamber Orchestra in Mozart's Haffner Serenade, Britten's Variations on a Theme of Frank Bridge and Richard Strauss' Metamorphosen. Tomorrow: Mark Elder conducts Mozart and Mahler. Thurs and Fri: Tadaaki Otaka conducts BBC Welsh SO. Sat: National Youth Orchestra. Sun: Mendelssohn's Elijah (071-823 9998)

THEATRE

National Theatre

Tonight and tomorrow, the Lyttelton has Richard Eyre's production of Eduardo de Filippo's play Napoli Milionaria (1945), a tale of ambition and the will to survive in wartime Naples, starring Ian McKellen. On Thurs, Fri and Sat, the programme consists of Eugene O'Neill's family drama Long Day's Journey Into Night (1941), directed by Howard Davies and starring Prunella Scales and Timothy West. Tonight, tomorrow and Thurs, the Cottesloe has Christopher Hampton's Olivier Award-winning play White Chameleon, a semi-fictional evocation of the author's childhood in Egypt in the 1950s. Mustapha Matura's The Coup, a satirical new play about political revolution in Trinidad, can be seen on Fri and Sat. On Fri, the Olivier starts previewing The Resistible Rise of Arturo Ui (1941), Brecht's allegorical play which makes an analogy between the rise of Nazism and Chicago gangsters. The production, in a new translation by Ranjit Bolt, is directed by Di Trevis and designed by Ultz, with a cast led by Antony Sher (071-928 2252)

For information about other shows, phone Theatreline from anywhere in the UK: Plays 0836 430959 Musicals 0836 430960 Comedies 0836 430961 Thrillers 0836 430962

■ MUNICH

Staatsoper 19.00 Wolfgang Sawallisch conducts Le nozze di Figaro, with a cast led by Barbara Bonney, Pamela Coburn, Wolfgang Brendel, Alan Titus and Kurt Moll. Tomorrow: Sawallisch conducts Die Meistersinger von Nürnberg, the closing performance of this year's Opera Festival (221316)

Cuvilliés-Theater 19.30 Dennis Russell Davies conducts Peter Mussbach's production of Manfred Trojahn's new opera Enrico (221316)

■ NEW YORK

MUSIC

Philharmonic in the Parks 20.00 Raymond Leppard conducts the New York Philharmonic in a free open-air concert with fireworks on Staten Island. The programme, repeated tomorrow at Brooklyn's Dyker Beach Park, includes works by Respighi, Copland, Brahms and Vivaldi. Call Parks Hotline (580 8700)

Avery Fisher Hall 20.00 Gerard Schwarz conducts Mostly Mozart Festival Orchestra in Prokofiev's Classical Symphony and Mozart's Linz Symphony, with Alicia de Larrocha soloist in Mozart's Piano Concerto No 21. Repeated tomorrow. Thurs: Richard Stolzman and Horacio Gutierrez join Cleveland String Quartet in a programme including Mozart's Clarinet Quintet and Piano Quartet in E flat. Fri and Sat: Pinchas Zukerman is conductor and violin soloist. The Mostly Mozart Festival runs till Aug 24 (875 5030)

BROADWAY THEATRE

● **Miss Saigon** is a musical romance starring Jonathan Pryce and Lea Salonga, directed by Nicholas Hytner (Broadway Theater, Broadway at fifty-third Street, 563-2266).

● **The Will Rogers Follies**, which won six Tony awards including best musical, is an old-fashioned all-American extravaganza directed with customary flair by Tommy Tune, with a cast led by Keith Carradine (Palace Theater, 1564 Broadway at Forty-seventh Street, 730-8200).

● **City of Angels** is Larry Gelbart's sharp, jokey musical satire about Hollywood in the 1940s, directed by Michael Blakemore (Virginia Theater, 245 West Fifty-second Street, 239-6200).

● **The Secret Garden** is a musical based on the Frances Hodgson Burnett novel, about an orphan (Daisy Eagan, who won a Tony for her performance) who goes to live with her unhappy uncle and discovers a garden where anything can happen (Saint James Theater, 246 West Forty-fourth Street, 239-6200).

Ticketron answers inquiries and sells tickets for all Broadway shows (246 0102)

■ PARIS

Auditorium, Forum des Halles 20.30 Piano recital by Claire Desert, including Mussorgsky's Pictures from an Exhibition. Thurs: harpsichord recital by Virginia Black. Tomorrow at Eglise Saint-German des Pres: Ensemble Les Elements presents a programme of vocal and instrumental music by Barber, Fauré and Poulenc. These concerts are part of the 1991 Festival Estival de Paris, which runs till the end of August (4804 9801)

Comédie Française 20.30 Marivaux's comedy La Fausse Suivante (1724) directed by Jacques Lassalle. Tomorrow: Moliere's Le Malade imaginaire directed by Gildas Bourdet. These are the final performances of the season (4015 0015)

■ VIENNA

MUSIC

Konzerthaus 20.30 Gert Hofbauer conducts the Vienna Hofburg Orchestra in a programme of waltzes and operetta favourites, also tomorrow in the Hofburg Festsaal, and Thurs and Sat in the Konzerthaus. These concerts are repeated three or four times a week throughout the summer (587 2552)

Arkadenhof 20.00 Concert by NHK Children's Chorus from Tokyo. Tomorrow: viola and piano recital by Helena Gafforova and Milan Telecky (4000 8410)

THEATRE

Theater an der Wien 19.30 Freudiana, musical by Woolfson and Parsons, daily except Wed (58830)

Theater beim Auersperg 20.15 Two plays by Ionesco: The Lesson and The New Tenant. Runs Tues to Fri till end of August (430707)

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Tuesday July 30 1991

An unequal summit

THE SUMMIT between the US and Soviet presidents, which opens in Moscow today, will be the first of the post-cold war era. It is taking place in an atmosphere remarkably free of the international tensions and mutual suspicion which marked so many superpower meetings in the past. Even since the last full summit between Mr George Bush and *Mr Mikhail Gorbachev in* Washington a year ago, the world situation has changed dramatically, as has the balance of power between the US and the Soviet Union.

In the summer of 1990, the US-Soviet dialogue was still dominated by the problem of German unification, arms control and the future relationship between Nato and the Warsaw Pact. In the meantime, Germany has been formally united, the Warsaw Pact has been liquidated, a comprehensive conventional forces treaty *in Europe has been concluded* and a strategic arms reduction treaty (Start) will be signed by the two leaders today.

At least equally significant has been the leading role played by the US in thwarting, under the umbrella of the United Nations, Mr Saddam Hussein's designs on Kuwait. Coupled with the serious *domestic political* and economic crisis which has engulfed the Soviet Union and undermined the authority of Mr Gorbachev, all these developments have left the US as the sole genuine superpower with the capacity to impose its will for good or evil almost anywhere in the world.

Level head

Fortunately, the US is led by an eminently level-headed president, anxious to win the widest possible support for his international actions. And apart from his own inclinations, the large US budget deficit obliges him to seek the co-operation of allies for his more ambitious foreign ventures.

Though Mr Bush has been criticised for his strong support of Mr Gorbachev at a time when the Soviet leader's authority is increasingly questioned by both his conservative and liberal opponents at home, there are some very good reasons why the US president should still consider him as an important partner. Until further notice, Mr Gorbachev continues to be the official president of the Soviet Union as a whole, while his rivals such as Mr Boris Yeltsin, the elected president of the Russian republic, cannot speak for the entire country.

Moreover, while Mr Gorbachev may not have the most *advanced ideas about* reforming the Soviet economic system, he still looks like the only political leader who could move his country towards a market economy without bringing about a full-scale political upheaval.

Western interests

Anxious as the *US* and other western countries might be to see a rapid transformation of the Soviet economy and greater democracy, it is clearly not in their interests that a large country like the Soviet Union should become yet another pole of permanent instability in Europe.

While the focus of the summit will *inevitably* be the help that the US can give to the Soviet Union to implement its economic reform programme, there are other areas in which the US needs the Soviet Union's support, as it did in the United Nations Security Council during the Gulf crisis.

There are a host of regional problems the solution of which will continue to depend on the co-operation between the Soviet Union and the US. Moscow is a co-sponsor of the proposed Middle East peace conference and, given its traditional influence in the Arab world and links with the Palestine Liberation Organisation, it has an important role to play in any Arab-Israeli settlement.

Arms control, too, is a continuing process, eventually requiring new initiatives in both the nuclear and conventional fields by the two largest *military powers, even though* Start is likely to be the last big agreement of its kind for some time.

Unequal partners the US and the Soviet Union may have become, but it would be a mistake to believe that the US can henceforth dispense with the goodwill or co-operation of its former adversary.

The right to keep silent

THERE IS a particularly unpleasant threat going on in London at present known as "outing". It means a decision deliberately to expose those people who have not previously made known their homosexuality in public. So far it has been applied to only one individual: a well-known entertainer, who is taking legal advice on the matter. Yet the word is that by *the* end of *this* week other people will be affected: lawyers, the clergy and MPs for a start.

In less witch-hunting times, such a campaign might have been expected to be led by those who want homosexuals to be exposed for their behaviour. Perversely, however, it is now fellow homosexuals who want *to force the gay* community into the open, whether the individual concerned wants to or not. This is a profoundly illiberal act. It is also avowedly dishonest, for the perpetrators say that they do not care whether the person named is homosexual or not: it is sufficient to create a stir and compel a reaction.

The campaign works *mainly* by anonymity. A notice goes up in a public place: copies are then distributed to newspapers, which may or may not report them. So far the general view among lawyers concerned with the media is that there has been considerable restraint by the press in the way the newspapers have handled the story. Yet if the campaign grows, the temptation to transgress will be strong. A newspaper that merely reports that so-and-so has been named or *"outed" is almost certainly* clear of the charge of defamation. Nevertheless, once the name is out, the individual involved is under some compunction to respond. He or she can hardly sue the publication for libel because there is no-one directly to bring the case against. It makes virtually no difference whether the accusation is true or false and the follow-up story saying that "X denies the charge" may merely compound the problem.

Exercising care

There are two sections of the community that now need to exercise particular care. One is *the* press; *the* second is homosexuals themselves. The newspapers are presently operating under the newly formed Press Complaints Commission, which is a system of self-regulation. The PCC is an experiment which will give way to statutory controls if it is not seen to work. Failure by the PCC will lead inevitably to a law on privacy which, while it may seem to have superficial attractions, has been rejected by nearly all previous inquiries into the conduct of the press and by a great many lawyers besides. The difficulty is that the concept of privacy cannot be satisfactorily defined in legal terms. It might be put simply as "the right to be let alone", but that lacks legal precision and in any case overlooks the question of the freedom of the press to investigate matters of public interest – itself a term open to a variety of interpretations. Yet if the newspapers fall into the trap set by the "outing" campaign, a privacy law will inevitably come nearer: better to stick to self-restraint.

US example

As for homosexuals, they may note that the present campaign is copied from the US, where it has not been a great success. Indeed it has sharply divided the homosexual community. In Britain the laws relating to homosexual behaviour were reformed over 20 years ago. That was a necessary, if *belated* act. *Undoubtedly* discrimination against homosexuals continues to exist, and in some professions more than others. That, however, is the *case* for eliminating discrimination, just as there are laws against discrimination in questions of race or gender. It is not a case for people having to proclaim their sexual proclivities in public.

A liberal society will seek to recognise the right to a private life within the law. That includes the right to make one's own sexual choices and to keep them private. The "outing" campaign smacks of smears and sexual McCarthyism, though oddly enough it claims to be an attempt to expose hypocrisy. Neither the press nor ordinary homosexuals should do anything to encourage it, for the real hypocrisy and *double-think* belongs to the campaign.

President Gorbachev is a man on a treadmill, says John Lloyd

Running to stand still

In what shape will President George Bush find his fellow super-partner when he begins talks with him in Moscow today? The question is no less urgent than it was when the cold war was most frozen: indeed, at a time billed by both sides as the start of the post-cold war period, the control which President Mikhail Gorbachev exercises over the swirling processes within his own borders is a matter of even greater importance – and of much greater debate.

In formal terms, the Soviet leader appears in good shape. A union treaty has been agreed, last week, between nine of the 15 republics; even the issue of a federal tax, for long resisted by Russia and the Ukraine, has now been settled (though no details have yet *been published* on the nature of the settlement). Mr Gorbachev professes himself optimistic that at least two more republics – Armenia and Moldavia – will join in while the treaty is left "open for signing". He may be right, since the alternative for the republics, to be treated by Moscow as a foreign country and thus be deprived of *cheap energy* supplies and of a guaranteed market, may be too harsh to contemplate.

He has, again, forced another dose of reformism down the Communist party's throat, and it has not yet publicly gagged on it, nor thrown him out because of it. The new programme which was overwhelmingly *accepted* by the Central Committee is, shorn of the agonising about the party's Stalinist past, a social democratic one.

More importantly, Mr Gorbachev now appears to be putting interests of state before those of party – the first time that can confidently be said in the Soviet period. Last week's party *plenum took* place just a few days after Mr Boris Yeltsin, the Russian president, banned political parties from the workplace – the usual locus of the Communist party's "primary organisations". Yet Mr Gorbachev, having huffed and puffed as he was required to do, is nonetheless including Mr Yeltsin in several of his formal meetings with Mr Bush.

Finally, in his talks with leaders of the Group of Seven in London earlier this month, Mr Gorbachev achieved what was always going to be his limit in such a forum: no capital, but lots of interest. Since that visit a mere 10 days ago, the World Bank has sent a team under Mr Russ Cheetham, *a seasoned Bank special*ist in Third World economic miseries, to begin a rapid study of the Soviet economy; Mr Norman Lamont, the British chancellor, arrives tomorrow to follow up on behalf of the G7; and Japan's line, adamantine before the G7 meeting against helping the Soviet Union, is now markedly softening. *Before the winter*, Mr Gorbachev may have some promises of more than interest.

All of this is of great weight: but it is also of great fragility. Mr Gorbachev is a man on top of a treadmill, below which a surging current is running: he must run ever faster on top, because developments beneath him force a more and more furious pace. That which he initially said he wanted to happen has happened: Soviet society has become energised, and has picked up the challenge which he threw to it – only in ways which he did not foresee. For as the liberating processes which he first unlocked, for good and ill, now surge through the Soviet body politic, so he finds it harder and harder to keep pace. To a very considerable extent, the form and symbolic content of the summit meeting this week reflects this.

The growth in republican power has this year been enormous and rapid, and it is a power with which Mr Gorbachev has chosen to ally himself. *At leadership level, he has* got accords: 10 republics signed a plan aimed at resolving the country's economic crisis, and nine say they will sign the union treaty. But at the same time, they are signing their own, bilateral treaties (which will cut across these larger agreements), and the content of both the anti-crisis and union treaties are vague, full of future tensions and dispute. The republican leaders see the advantage – for now – of remaining part of the same economic space, but all are pushed by their own, awakened, nationalist and anti-Soviet movements.

The Ukraine – to which Mr Bush will pay a one-day visit on Thursday – *is the classic* case. This 50m-strong republic, with a history of union with Russia which goes back to the foundations of the Russian state (in Kiev, now the Ukrainian capital), has produced politics which dictate that the (communist) republican leadership must combine ostensible agreement in Moscow with commitment to independence in Kiev.

Russia, always the core of the Soviet and pre-Soviet empires, now gets a place at the high table as of right: Mr Yeltsin's attendance at the ceremonies, and his own audience with Mr Bush, attest to that. And Mr Nursultan Nazarbayev, president of Kazakh*stan, the most prominent of* the "loyal" republican leaders, also gets his reward of access to the US president.

The concomitant increase in power over the past six months has been that of the people. They demonstrated, in the elections for the leaders of Russia, Moscow and Leningrad in June, that they are no longer to be marshalled under the "guidance" of the Communist party, which failed terribly in all three elections. For the moment, it is no longer a question of whether there will be popular elections for the deputies of the Supreme Soviet and for the Union president – but of when.

In an interview last week, *Professor Stanislav Shatalin*, the former aide to Mr Gorbachev and now a leader of the United Democratic party, one of the newly-founded democratic groupings, said that the democrats in general would support the president in his bid to be elected – if he stuck to reform, and if he left the Communist party. The democrats are not themselves strong: a collection of parties and movements with a few tens of thousands of members, split over whether to organise on an all-union or republican basis. But the elections in Russia and its two biggest cities showed that, as of now, their candidates have the electorate's trust, and Mr Gorbachev, if he wishes to remain President Gorbachev into his 60s, must now be wondering when to leave the party.

The last consideration is that of the economy, an area of continuing crisis and gloom. As Dr Leonid Abalkin, director of the Institute of the Economy, remarked last week, it is the most powerful force for pulling together the political leaders, since they see a chasm ahead and wish to cling together to avoid being lost in its depths.

Where there is hope is in private economic activity. Mr Bush will be able to judge this a little for himself, when he meets at breakfast tomorrow representatives of Soviet business. Yet he well knows that, in his own country particularly, there is enormous scepticism about the commitment of *the Soviet government to* thorough reforms which would let a private sector breathe and flourish, and about the possibility that the Soviet economy can produce individual or corporate initiative.

But some find grounds for optimism amid the ruins of the old system. A US investment group called BatteryMarch, now engaged in the Soviet Union in a close study of the potential of military enterprises to convert to civilian production in partnership with foreign corporations, is one example. In the letter Mr Gorbachev sent to the G7 leaders, BatteryMarch was the only foreign corporation mentioned – an index of the importance the *Soviet authorities now place on* defence conversion, a subject of the Bush-Gorbachev talks.

According to Mr Ashu Rajbhandari, a BM director, the best of the Soviet managers are the "best in the world; they have to be, because they have to be so inventive just to keep production going." Already, two enterprises with which BM has been working are considered ready to be presented to foreign corporations as prospective partners. Mr Rajbhandari says: "Much of what happens at the level of government ceases to matter once individual Soviet and foreign partners discuss a serious deal. Much of what you have to do here is what you have to do in any capital to do business." The Soviet Union, he says, is like 19th-century Japan: a closed society opening sud*denly to the west*.

The opening is, of course, chaotic: how could it be otherwise? It may yet sweep away Mr Gorbachev – or, conversely, transform him from Communist boss to market democrat. The disciplined dangers of the cold war have been replaced by the dangerous liberation of a new era, which cannot yet be defined. Mr Bush will today meet a politician who still bestrides huge social forces – but only just.

PERSONAL VIEW

A fair deal for gas consumers

By Robert Evans

Few companies, I suspect, have had to take on the apparently bizarre challenge which has faced British Gas over the past two years. Having built up a thriving market for gas in industry and commerce we are now seeking every opportunity to give a substantial proportion of that market to competitors.

The accusation that we have been dragging our heels in allowing competition to emerge is totally untrue. With the measures we have taken to help competition to develop, I would be very surprised if 20 per cent of the firm gas contract market was not being supplied by competitors by the end of 1991. That figure will grow towards 25-30 per cent during 1992, ensuring that effective competition will be in place by 1993 – the timescale originally envisaged by the Monopolies and Mergers Commission.

Only when effective competition has developed will restrictions on British Gas be lifted and our ability to compete be restored.

One restriction on British Gas is the obligation to publish non-discriminatory and transparent price schedules which were put in place after the 1988 MMC report. The schedules are transparent in that we have to declare the prices we are charging; they are non-discriminatory in that we cannot charge *different* prices for different uses of gas. Competitors can undercut the prices we are charging without us being able to negotiate a better deal with the customer.

As well as ending our ability to negotiate, customers have told us that the schedules are inflexible and cumbersome. Besides, good negotiators could get the best deals. So it is British industry, as well as British Gas, which would like to see their removal.

Following the MMC report British Gas also undertook to buy no more than 90 per cent of gas coming on stream between June 1989 and May 1991. Far from taking the 90 per cent, our share has actually been about 50 per cent, enabling competitors to contract for the remainder.

This was not universally popular with producers. When *they sold 100 per cent of a gas* field to British Gas they had a guaranteed cash flow virtually free of market risk. The new arrangement inevitably was less straightforward. British Gas responded by introducing a new flexible approach to negotiating contracts, giving producers a wide range of options. We also introduced standard contracts where possible to speed up negotiations when British Gas is no longer the sole buyer.

But new supplies inevitably take time to come to market. As a stop-gap measure to accelerate the emergence of competition we have released back into the marketplace a quantity of gas already contracted to British Gas. This gas has been made available to companies able to enter into a swap arrangement with us – in other words they take our gas now and give us in return a similar quantity of their own when it becomes available in the 1990s.

Britain now *has the most* free and open access to its transmission system in Europe. We have been receiving about 4,000 requests each month for information about the use of the company's pipeline system to carry competitors' gas.

Perhaps one of the most important practical assurances which *British Gas has given* is the guarantee that any industrial or commercial customer who chooses to buy gas from a competitor will still have access to the full range of services offered to British Gas customers. These services include back-up supplies, gas banking arrangements and the British Gas Technical Consultancy Service which provides expertise on all aspects of energy management.

These assurances, together with an agreement by British Gas that customers wishing to buy gas from another supplier can terminate existing contracts with very little notice, should remove any fears of customers who feel they can *get a better deal from a sup*plier other than British Gas, and we are actively encouraging contract customers to shop around.

It is difficult to envisage what else reasonably British Gas could contribute to ensure that real competition does emerge in the gas contract market. I have no doubt at all that emerge it will.

The regulatory authorities will then have the opportunity to implement their stated policy of easing regulatory constraints as competition grows. It would mean that British Gas should no longer be required to publish price schedules, enabling competition to take place on a free and equal basis. Along with this, restrictions on the import and export of gas should be eased.

Competition policy in this country should promote lower *prices and better-quality* services. However, within the gas industry, prices and services are already keen by European standards, and in relation to competing fuels. Prices have also been brought down very significantly since privatisation. It therefore cannot be argued that further radical restructuring of the market is required to deliver these benefits to the British economy.

The author is chairman and chief executive, British Gas

OBSERVER

Ordeal by fire

■ William Rhodes has been fighting financial fires for over 10 years as Citibank's chief negotiator of debt restructurings. The burning issue now *is whether his elevation to the* vice-chairmanship of America's biggest bank is a sign of strength or of desperation.

At 55, he becomes one of four men who effectively run the banking giant. Hit by recession and a welter of bad loans, Citicorp has cut its staff and its dividend, and is under considerable pressure to repair its capital ratios.

Certainly Rhodes is a man for a crisis. In 1982, he was in charge of Latin American corporate banking for Citibank, by far the biggest lender to the region. The *financial* collapse of Mexico, followed by virtually every other Latin American country, put him in the hot seat. He played a central role in ever-larger restructuring deals – the biggest was a $61bn agreement for Brazil in 1988 – which helped to slow the impact of the crisis on the international banking system.

Earlier this year, he was given the equally daunting task of steering through a $8.2bn restructuring for media *tycoon Rupert Murdoch*. A tough negotiator, he is a man who is listened to by the world's top central bank governors and commercial bankers.

But whether *this sort of* tinkering with Citicorp's top management team will rebuild investors' confidence in this once proud bank is another matter.

Splitting hairs

■ "Elderly is a state of mind", pronounced Nelson Peltz, one of two US entrepreneurs controlling property and retail company Mountleigh, at yesterday's extraordinary general *meeting to approve the* £96m rights issue.

He was answering a shareholder of mature years who'd expressed concern that her shares, now quoted at 25p, might not regain their former levels *in her lifetime*. "I feel pretty elderly myself," the grey-headed Peltz continued. "I used to have blond hair."

Despite the 85p average cost of the stake he controls with his partner Peter May, Peltz no doubt feels less jaded than the Gordon P Getty family trust. It bought 11 per cent of the company for 100p per share only six weeks before Mountleigh announced the rights issue.

Family fortunes

■ Nigel Rudd, captain of the Williams Holdings conglomerate, is still flying high. But elder brother Graham, who has been trying to imitate him, has not been able to survive his mini-conglomerate's recent bout of turbulence.

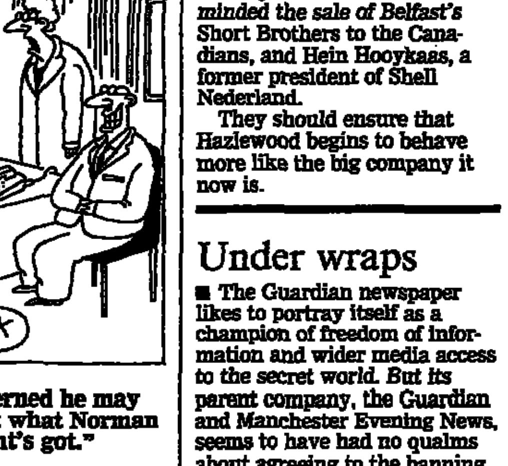
Is it simply good luck or good management that the individual fortunes of Derby's dynamic duo have diverged so spectacularly?

Both men trained as *accountants and in their early* days shared an office. Nigel, two years younger than Graham, benefited by beginning his dash for the big time a good three *years earlier*. By contrast Graham's refurbished Thomas Robinson mini-conglomerate had only been going a couple of years by the time of the 1987 stock market crash.

The business recipes were the same but it looks as though Thomas Robinson did not have the time to issue enough paper to give it a sufficiently broad base to survive the recession.

Today, Williams Holdings is capitalised at £1.5bn and is in the FT-SE index. Thomas *Robinson is capitalised at* £30m, and has not only passed its dividend but replaced Graham with Roy Barber, a company doctor, a good eight years older.

While Williams Holdings may be a better managed company, Observer still thinks there was more than just a little luck involved.



"I'm concerned he may have caught what Norman Lamont's got."

Wider spread

■ Meanwhile another former Derby glamour stock, Hazlewood Foods, is endeavouring *to safeguard itself against* going the way of Thomas Robinson.

Not so long ago it was a small pickle company with hungry ambitions dominated by a couple of entrepreneurs: Peter Barr and Dennis Jones. However, its image took a nasty jar when the clever Jones ran into personal financial difficulties and abruptly left the company.

Like many big businesses cooked up in a hurry, Hazlewood still seems to be run like *a small* company. *Hence*, yesterday's string of non-executive appointments is designed to demonstrate that it is no longer a one-man show.

Barr is being promoted to executive chairman. But he is being surrounded by several non-executives who know their onions including Fisons' finance director Roy Thomas, Rodney Lund who master*minded the sale of Belfast's* Short Brothers to the Canadians, and Hein Hooykaas, a former president of Shell Nederland.

They should ensure that Hazlewood begins to behave more like the big company it now is.

Under wraps

■ The Guardian newspaper likes to portray itself as a champion of freedom of information and wider media access to the secret world. *But its* parent company, the Guardian and Manchester Evening News, seems to have had no qualms about agreeing to the banning of outsiders from what promises to be a stormy meeting of Owen Oyston's Transworld Communications, where it is a big shareholder.

Harry Roche, Guardian-MEN chairman and a Transworld director says excluding the press was a collective board decision, but supporters of Owen Oyston, with whom Roche will do battle today, say none of them would mind the press being there.

Hoping to report the outcome will be Mike Unger, the *MEN's editor and a member* of the Guardian-MEN board. While initially surprised to hear that his own reporter was being excluded from the AGM along with the rest of the media, he put a brave front on it by claiming this proved the soundness of the company's Chinese walls.

Pit stop

■ What do you call a Lada with two pit bull terriers in the back?

A very nice car.

In need of care and attention

Recession and new rivals are exerting pressure on private health care providers, writes Alan Pike

Private hospitals share two characteristics with hotels. Both must fill beds to make money, and neither has been doing this too well lately.

Low bed occupancy is a particular problem for some of central London's luxurious private hospitals which – again like the hotel industry – have experienced a sharp decline in overseas business. The expensive London hospitals are not the private sector's only trouble-spot.

- Bupa, the nation's leading private health care organisation, lost £63m on its medical insurance activities last year.
- Inflation is pushing up hospital costs and insurance rates while recession is stunting market growth.
- Competition is intensifying, with commercial insurers challenging the non-profit-making provident associations' traditional dominance of medical insurance.
- The government's proposed reforms of the care of the elderly and handicapped in the community will cause change and uncertainty in the private nursing home sector in the next few years.

Hanging over all these specific difficulties is uncertainty about whether this year's National Health Service reforms will bring new business to the private sector or intensify its problems.

It is far from easy to sell private health care in a country dominated by the world's most famous "free" public health service. A survey published by Bupa this month showed that 85 per cent of British people believe they have a right to the best possible health care from the state however little they pay in tax, with 80 per cent of the opinion that they should not need to take out private health insurance.

About 12 per cent of the population is covered by such insurance. This minority represents a fragile market. Since the health service cares for insured and uninsured, medical insurance is liable to be trimmed when interest rates push up essential household expenditure such as mortgage repayments.

In NHS-dominated Britain, health insurers and private hospitals are selling an extra rather than a necessity. Some insurers see themselves as competing squarely in the leisure market – for many families, the choice is health insurance or a second holiday.

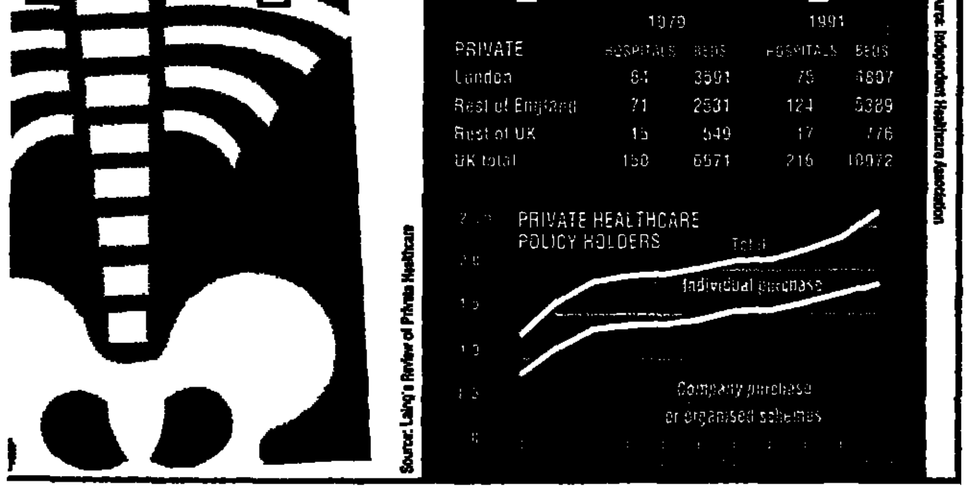
The bulk of private medical insurance is, in fact, not bought by individuals. Most subscribers are insured through company schemes – though in many cases individuals contribute – and corporate business is the insurance sector's main source of market growth and competition.

It was on its insurance activities that Bupa, which has about half the medical insurance market, made its £63m loss last year. This was offset by a £16.8m profit on its other operations, which include running private hospitals, occupational health and nursing services.

Bupa has in recent years expanded into a multi-purpose health care organisation with Britain's largest number of private hospitals and Sanitas, the Spanish health care group, under its control.

Its increasingly dominant position as hospital operator and medical insurer prompted complaints from rivals. But the Monopolies and Mergers Commission cleared Bupa last year of accusations that it might abuse its market power, after an inquiry into its acquisition of a national network of private hospitals.

Bupa executives do not believe last year's losses on insurance business are the start of a trend. They say they set their rates too low at the start of 1990 – a year which grew increasingly difficult as the recession caused some subscribers to cancel or scale down to cheaper cover. Bupa's insured membership grew by 4.5 per cent in 1990, in spite of market difficulties.



PRIVATE	1979 HOSPITALS	1979 BEDS	1991 HOSPITALS	1991 BEDS
London	64	3591	75	4807
Rest of England	71	2531	124	5389
Rest of UK	15	549	17	776
UK total	150	6571	216	10972

But Bupa – still in many ways a generic name for private health in Britain – and its fellow provident associations face a more competitive future. Although they currently hold about 80 per cent of the insurance market, commercial rivals like Norwich Union and Eagle Star are moving in. Many individual and corporate subscribers now use brokers and shop around annually for the best value medical insurance, rather than remaining loyal to a particular provider.

Increased competition is not the only threat to the insurance market in the eyes of Mr Julian Stainton, managing director of Western Provident Association (WPA), the third-largest provident insurer. He accuses some hospital operators of recklessly pushing up prices in the knowledge that most patients claim on insurance rather than meet their own bills on discharge.

"Low bed occupancy in many hospitals means that they are barely breaking even, so they bill the patients they do get for every imaginable extra," he says. "We have uncovered cases of 400 per cent mark-ups on drugs. The course some hospitals are embarked upon is going to bankrupt the whole private sector.

"People think they know the scale of charges before they go into a private hospital, but when they are admitted they find that everything is an extra. It is like being given a first-class transatlantic air ticket for £75, and discovering after you are airborne that the oxygen you need on the way over will cost you £1 per breath extra."

Unsurprisingly, private hospital proprietors regard Mr Stainton's descriptions of their pricing policies as exaggerated. They say hospitals and insurers depend on each other to such an extent that deliberate overcharging would be the height of folly in the long term. Some hospitals have, however, been forced to yield to WPA's pressure for itemised bills and tighter cost controls.

Private hospitals are not obliged to publish bed occupancy rates and many do not do so. The general view in the industry is that profits will usually be hard to achieve if a hospital achieves an average of much less than 60 per cent bed occupancy.

Some do better than this, and the 1980s saw growth and financial success in parts of the private sector. In recent years several hospitals – notably central London ones – have performed below the 60 per cent level. Hit first by the loss of overseas patients, especially from the Middle East, their business has been further affected by the opening of private hospitals in the outer London suburbs and Home Counties close to where many potential British patients live.

The private health sector hopes individual employee benefits packages with medical insurance will become more common in the 1990s as employers compete for a declining pool of personnel with more attractive employment conditions. But the current economic downturn – and the spectre of the huge toll which health insurance costs take on corporate profits in the US – may limit growth.

Some hospital operators believe the most likely source of revenue growth is the reformed NHS. Several private hospitals are bidding for NHS work under the public sector's new competitive contract-based funding system. Joint ventures between the public and private sectors are becoming more common.

But the reforms are intended to make the state health service more efficient and responsive to customers. Astute NHS managers recognise that many patients who choose private hospitals are seeking convenience and comfort rather than superior medical treatment – most of which is, after all, provided by consultants with NHS contracts working part-time in the private sector.

So NHS hospitals and health authorities plan to give higher priority to the "customer care" side of their activities. State hospitals are sprucing up their private wings, and in future some are likely to allow patients to pay for extras like private rooms, telephones and better food while receiving NHS medical treatment. Some trust hospitals want to encourage their consultants to abandon private hospitals and treat all their private patients on NHS premises.

Such initiatives by individual hospitals will be reinforced in the public mind by the Citizen's Charter, which will give all NHS patients fixed appointments and guaranteed maximum waiting times for operations and other treatment.

In a health care market dominated by state medicine, the success of the private sector depends on its skill at identifying gaps which people will pay to have plugged. There will always be gaps – no health care system can meet every demand. But if the monolithic NHS does become more genuinely customer-friendly, the private sector may not be able to continue taking all the present gaps for granted.

Joe Rogaly

De Klerk in the dock

Mr F W de Klerk has a lot of explaining to do this afternoon.

The South African president is implicated, to say the least, in the manipulation of funds that were diverted to the support of Inkatha, a rival to the African National Congress, at a time when he sought to negotiate in trust with the ANC.

That is a peccadillo compared to a second charge against him. He may be accused of being indirectly responsible for the murder of ANC "comrades" by gangs of Inkatha supporters, since they appear to have enjoyed the invaluable advantage of collusion by some of the police. He cannot have been ignorant of what has been happening in the townships, yet many observers doubt that he condoned or connived at the actions of his own security forces. Perhaps not all of them are yet under the de Klerk administration's control. Few allege that the president started the slaughter; he has so far certainly failed to stop it.

Yesterday's minor ministerial resignations suggest one thing he can do: reshuffle his cabinet.

But what will he say? A South African visiting London guesses that Mr de Klerk will confess to every political trick he knows has been discovered or will be discovered and deny whatever he feels certain can be kept quiet. It is a cynical view, but it sounds right to me. There is plenty to add to the bluster that is already coming to mark this affair. Some British conservatives, ever friends of whoever is in power in white South Africa, will point out that the ANC was given financial and military support by east European communist governments. True, but the east Europeans were not simultaneously pretending to create a level playing field for democratic politics in the republic.

Others may buy the South African government line, purveyed with customary flamboyance by foreign secretary Mr Pik Botha last week, that it was all done in the name of sanctions-busting. Since Mr Botha admitted in an unscripted answer at the same press conference that similar covert support was given to the anti-Swapo coalition in Namibia, at a time when the UN was promised an open election, this reads as a pretty thin excuse.

The truth may be that the Nationalists around Mr de Klerk are in the grip of an ancient Afrikaner fantasy, one upon which the structure of apartheid was originally erected. This is that there is no such thing as a united African vote on party lines. There are instead endless permutations of tribal votes – Zulu, Xhosa, Tswana, Venda and so on. You can play them off one against the other. You do a power-broking deal with Chief Buthelezi's Zulus by building up Inkatha and offering him a cabinet post. You try for deals with other chiefs. You look for votes from the mixed-race coloureds, some of the Indians, a few middle-class blacks, and the whites.

Few allege that the president started the slaughter; he has so far certainly failed to stop it

Meanwhile, you thump the ANC. In this way you create what for presentation to the outside world would be called a Christian Democratic coalition but in South Africa would be seen as Afrikaners still rule OK.

There is nothing wrong with working for such a coalition by democratic means. A conservative grouping might be an invaluable offset against the dwindling band of neo-Stalinists who still infest the ANC. What is not acceptable to the outside world is the use of the old African methods of bribing friends and shooting enemies.

Curiously, no one expects Mr de Klerk to be destroyed. He is widely regarded as the indispensable Afrikaner. In this he resembles President Mikhail Gorbachev. Whatever the latter's shortcomings, no one can imagine progress in the Soviet Union without him. It is the same down south. No one can imagine progress without President de Klerk.

More to the point, there is a second, contrary, strand of thinking that perhaps rests inside the heads of those same Afrikaners who harbour the tribal coalition fantasy. This is that an ANC or ANC-led government is a likely outcome of a democratic vote. If so, bridges had better be built.

This became evident at a meeting of British and South African politicians, academics and others in Cambridge last Friday. Most parties were represented, the ANC as well as Inkatha, the Afrikaner Nationalists as well as the white liberal Democratic party. It emerged that ground-level co-operation has already begun. Thus the South African Foreign Ministry informs and sometimes appears to consult the ANC, while the Finance Ministry is equally progressive.

Mr de Klerk will best serve the cause of South African progress if he sees to it that this process extends to all other ministries, most particularly the security forces. As east Europe has shown, it is never easy to extirpate the Stasi during the period of replacement of an oppressive regime. South Africa is in the midst of a revolution which in some ways echoes the east European revolutions of 1989-90. What is not required is the archetypal east European failure, in which a disguised communist regime replaces an actual one.

The outcome in the republic will not be stable if the modern-minded, non-racial, non-tribal leaders within the ANC are excluded. Everyone knows who those leaders are, just as everyone knows who the hardline communists are. Mr Nelson Mandela plays to both galleries, but he is as indispensable to any agreed settlement as Mr de Klerk. The British interest lies in ensuring that there is no blow-up in South Africa since that might land 1m or more of our kith and kin at Southampton, waving passports. That interest is best served by helping to divest Mr de Klerk of such fantasies as he may be seen to harbour, and warning him of the consequences, dire for those who wish to see South Africa re-integrated into the world of civilised nations, of dishonourable behaviour by his colleagues and political killings by the security forces.

LETTERS

Reasons why BR 'unsaleable'

From Mr David Erdman.

Sir, Mr Neil Moore (Letters, July 26) arrives at the correct conclusion that Network SouthEast is unsaleable but for totally the wrong reasons.

It is a long time since BR's management was "mind-bogglingly" incompetent.

The real problem for BR lies in the chronic underfunding by the government over the last 15 years. With inadequate track, trains and signalling it is highly unlikely that lasting efficiency can be achieved.

The level of subsidy required to induce a privatised railway operator to carry passengers on "uneconomic" routes will be high. This, together with investment in track and signals, will ensure that the railway can never be truly privatised. We do not seek to measure the profitability of Buckingham Palace Road, why do we seek to measure it for commuter railway lines?

As for incompetence, one cannot find more awful examples than those committed by government (eg, the poll tax). BR is only a spending department of the government but it has always been useful for politicians to be able to distance themselves from their less successful policies by denigrating the services provided by public utilities. Over the years this has given BR its undeserved reputation for incompetence.

If I may put these comments in perspective. Supported by the Consumers' Association, I am issuing a writ against BR this Wednesday for its failure to provide me with the service paid for during the last two years. I view this as a writ against the government.

David Erdman,
Stansted, Elsenham and Newport Travellers' Association

Political risk insurance could be EC stimulus to invest in Soviet Union

From Mr Robert A K Scallon.

Sir, Stephen Fidler's excellent article (July 9) on Soviet debt slipped slightly on the question of western official loans. Although some of the loans guaranteed by western governments are either to refinance existing overdue trade debt or are untied, the bulk are to finance fresh supplies of capital goods or foodstuffs. They will therefore not assist in the repayment of imminent maturities of existing debt, estimated for 1991 at $15bn.

The recent $10bn reduction in Soviet deposits with western banks and the withdrawal of $12bn of short-term credit lines to the Soviet Union by western banks are directly linked. A similar reduction of deposits this year to meet maturities is of course not possible.

As to the oil production problem, it is obvious that this should be tackled as early as possible. Soviet oil exports fell 50 per cent last year and are expected to fall 40 per cent this year and a further 25 per cent next year. Western injections of cash, management skills, equipment and technology will have a speedy impact on this catastrophic situation, but western investors are nervous.

Rather than lend the Soviet Union large sums of money, the EC should rather be encouraging western investors, particularly in the energy sector, by offering a programme of political risk insurance to cover those risks which investors fear most.

Such an insurance programme would have the twin effects of reversing the decline in exports, particularly of oil, and of increasing western private-sector involvement in the Soviet economy, thus accelerating the move to a free market economy. It would enable the EC to sidestep the problems of competing power bases and legislative frameworks at central and republican levels in the Soviet Union since the insurance would be taken out by the investor who would admittedly have to face the political problems on the ground but could take comfort from the insurance policy. Loans on the other hand would only serve to prop up the existing all-union structure and might well be repudiated by certain republics when devolution arrives.

An investment protection insurance scheme should be introduced at an EC (or G24) level rather than at a national level, with the necessary legal framework (which Courtney Smith referred to in his letter to you July 12) in place and bedded down, by the time the insurance policies that I am suggesting expire. In the meantime the official solidarity behind investors represented by such supranational insurance should be invaluable. This is my suggested way of keeping western official support for the Soviet Union "at arm's length" (as recommended by Samuel Brittan in his excellent article of July 18).

Robert A K Scallon,
Barclays Bank,
export and projects department,
Fleetway House,
25 Farringdon Street, EC4

Hanging on to what you hold

From Mr D Smithers.

Sir, The chairman of Barclays Bank, Sir John Quinton, says ("Big banks launch charm offensive", July 20) with regard to the bank's appropriation of customers' money in the form of charges that banks take the money because they have hold of it.

It is all very revealing of the bank's true opinion of its small business (and other) customers. I wonder how Sir John would feel if his cash carrier firm Securicor took a couple of sacks of money from the back of its vans instead of rendering proper invoices. They could tell Sir John that "the fact is, we hold the money".

In addition, I should like to know how Sir John arrived at his £100 for the banks to print a few lines on their customers' statements. I am sure that there are a host of computer programming companies that would be very willing to amend his company's programs for much less than 1 per cent of this amount. Is the other £99m for the ink on the statements, or for the additional inches of paper used?

D Smithers,
153 Comptons Lane,
Horsham, Sussex

No redundancy at Clerical

From Mr J R Slann.

Sir, In the article on Bristol by Michael Cassell ("Bloom gives way to gloom in 'sun belt' city", July 22) it is stated that the recession has caused Clerical Medical to be "engaged in redundancies".

With excellent new business figures just reported for the first six months of the year, and an increasing market share, it is not surprising that Clerical Medical is not engaged in any such redundancies. Indeed, staff levels at our Bristol head office have increased over the last six months.

J R Slann,
marketing services manager,
Clerical Medical Investment Group,
Narrow Plain,
Bristol BS2 0JH

Nothing to moan about

from Mr William Brandon.

Sir, As anyone who works in the National Health Service or consumer journalism knows, the British are only happy when they are moaning. Does John Major realise that if his Citizen's Charter succeeds, the only thing left to moan about will be his government?

William Brandon,
3/25 Morwell Street,
London WC1B 3AR

Contribution of non-executives

From Mr Michael Barnato.

Sir, Based on my experience of having worked with several company boards my belief with regard to your article, "Confessions of a non executive", (July 15) is that non-execs should always have a job profile which describes the distinctive contribution which they are expected to make. They should insist that their views are minuted on matters of importance. If not they should confirm their criticism in writing. Exclusive reliance on top level written reports for information is wrong and non-execs must get "out and about" in the company and meet staff below main board level. But both management and directors must remember that there is rarely one right accounting answer and different conventions and assumptions will lead to different results.

Michael Barnato,
managing director,
Felard Barnato Ingle & Associates,
PO Box 283, Surbiton, Surrey

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Tuesday July 30 1991

Toyota and Matsushita among top Japanese groups drawn into stock market scandal

List reveals compensated companies

By Stefan Wagstyl and Emiko Terazono in Tokyo

TOP Japanese industrial companies were yesterday drawn into the country's widening stock market scandal when their names appeared on a list of clients compensated by securities brokers for trading losses.

Toyota and Nissan, the carmakers, and Hitachi and Matsushita Electric Industrial, the electronics groups, were among 231 customers who were together paid compensation totalling Y128.3bn ($936m) by the Big Four brokerages.

The Big Four are Nomura Securities, Nikko Securities, Daiwa Securities and Yamaichi Securities.

There was widespread surprise at the household names on the list. Mr Gaishi Hiraiwa, chairman of the Keidanren, the main employers' organisation, said the involvement of big companies was "regrettable". However, the Ministry of Finance sees the disclosure as an important step towards the rehabilitation of the securities industry.

The scandal over the loss-covering and revelations that Nomura and Nikko had links to gangsters, has led to the resignation of Nikko's president and the chairman and president of Nomura, and shaken the Tokyo stock market. Yesterday the Nikkei average fell 75.49 to 23,443.58.

Promising to cover clients' investment losses, which has not been alleged in these cases, is against the law. Doing so after losses are incurred is not illegal, but violates a 1989 Finance Ministry order.

The Big Four issued their lists in response to pressure from the authorities and the publication of an accurate unofficial list yesterday in the Nihon Keizai Shimbun, Japan's business daily. The presidents of the Big Four decided to publish after meeting yesterday morning in Nikko's offices – an example of the way the Big Four co-ordinate important moves.

Members of Japan's Securities Dealers Association unveil a list of leading companies compensated for trading losses

According to the brokers' lists, the biggest compensation was paid out to companies affiliated to Hanwa, a trading group with a legendary appetite for stock investments. It received Y7.7bn from Yamaichi.

Next came the Health and Welfare Ministry's Pension Welfare Service Public Corporation, a government body, which was paid Y4.9bn by Nomura. The corporation was one of 17 public sector funds to get compensation. The others included teachers' and firemens' pension funds and about eight agricultural co-operatives.

Among other big payments, Showa Shell Sekiyu – an oil refiner in which Shell, the Anglo-Dutch oil giant, has a stake – received Y4.6bn; Marubeni, the trading company, and affiliates Y4.3bn; Matsushita group companies Y4.1bn, Hitachi Y3.1bn, Toyota Y2.5bn and Nissan Y1.5bn.

The companies mostly denied receiving compensation or else denied knowing that they had received it. Payments could have been made in various forms, including securities as well as cash.

Many companies are represented through little-known subsidiaries. Large financial institutions are mostly notable by their absence, though companies affiliated to Fuji Bank together collected Y3.5bn. Yamaichi said its list included 11 clients introduced by Mitsui Bank.

Three individuals appear anonymously on the lists, all described as senior company officials, including one called HM who received Y1.9bn from Nomura.

There is speculation that the lists were prepared in ways which ensured the names of well-known individuals, including politicians, were not revealed. A key matter in the scandal now is whether public pressure will lead to disclosure of individual names.

Proposal for separately capitalised subsidiaries likely to be dropped

Foreign banks set to win US battle

By Peter Riddell, US Editor, in Washington

FOREIGN BANKS operating in the US seem set to win their battle against having to establish separately capitalised American subsidiaries if they wish to undertake investment and securities activities.

The proposal, which forms part of the US Treasury's comprehensive banking reform plan, is strongly opposed by the Federal Reserve and by international banking groups, which argue that it would increase their costs and might force cuts in lending.

The proposal was rejected last month by the House banking committee but was recently revived by Senator Don Riegle, Democratic chairman of the Senate banking committee. However, Mr Riegle has dropped this provision after discussions with Senator Jake Garn, the senior Republican on the committee, ahead of the start of formal drafting sessions tomorrow.

If this version of the bill is accepted and not amended on the floor of either house, then foreign banks with existing branches in the US will not have to change them into separately local capitalised subsidiaries if they wish to take advantage of the suggested new powers to affiliate with securities firms.

At present many foreign banks operate through branches and base their lending on the capital of their home parent. The change proposed by the Treasury and Mr Riegle would have required banks doing anything other than commercial banking to form subsidiaries with their own capital and possibly lower lending capacity.

However, the bill would still give the Fed new powers to control the entry of foreign banks into the US, in the light of the Bank of Credit and Commerce International scandal.

Other changes agreed by the leaders of the Senate committee include giving the Fed more flexibility in setting the "firewalls" that separate dealings between banks and securities affiliates.

Senators Riegle and Garn agreed to maintain the current ban on commercial groups owning banks and to oppose amendments designed to allow such businesses from buying failing banks.

However, several contentious points remain, notably over proposals that would force some big banks, heavily dependent on deposits in overseas branches, to pay much higher deposit insurance premiums in a special assessment and over the extent of insurance protection for large deposits arranged by brokers such as Merrill Lynch.

The final version of the legislation is unlikely to emerge until late October or early November after further consideration by House committees in September, debates on the floor of both houses and a joint conference to produce an agreed version.

The legislation will certainly include action to refinance the nearly insolvent bank insurance fund, which protects depositors, and earlier and tougher supervision of problem banks. It will probably permit nationwide branch banking, though the extent of powers left to the individual states is still unresolved. Some breakdown of the current barriers between commercial and investment banking is also likely.

Three SA ministers announce resignation

By Patti Waldmeir
in Johannesburg

THREE South African government ministers last night announced their resignation ahead of a statement expected today from President F.W. de Klerk on the secret funding scandal which has caused a government crisis.

None of the three was directly involved in the operation to fund the mainly Zulu Inkatha movement, but their resignations could prepare the way for an extensive cabinet reshuffle in the weeks to come.

It seemed unlikely last night that Mr de Klerk would announce the immediate sacking of any of the ministers who authorised the payments, which were made to finance Inkatha, the main political rival of the African National Congress, and an Inkatha affiliate, the United Workers Union of South Africa.

Mr Pik Botha, the foreign minister and the man most directly involved in the scandal, told friends recently that he might resign due to his wife's serious illness.

Government officials said last night that some ministers might be relieved of their duties to form a negotiating team to represent the ruling National Party at talks later this year on a post-apartheid constitution.

The most prominent minister to resign last night was Mr Stoffel van der Merwe, minister responsible for black education, who is to fill a new senior post in the National Party.

Mr Piet Clase, minister responsible for white education, is understood to have been asked to resign because of his handling of school integration. The government has allowed some white schools to open to all races, but only if 72 per cent of a school's parents support the change.

Mr Clase, one of the most conservative members of the current administration, has angered blacks by closing white schools with insufficient pupil numbers, rather than turning them over to blacks.

Mr Gert Kotze, minister of water affairs and forestry, has also resigned.

Joe Rogaly, Page 15

Soviet republics join forces on debt, trade

By Leyla Boulton in Moscow

ALL 15 Soviet republics, including those seeking independence, have agreed to join forces against the central government to press for changes in the Soviet Union's handling of debt and foreign trade.

Under a protocol signed by republican foreign trade officials on Friday, but made public only yesterday, the republics intend to divide up the Soviet Union's foreign debt among each other according to their population and gross national product. They also want to ensure that foreign credits to the Soviet Union are shared out among – and accounted for by – the republics.

The new alliance also demanded that Mr Valentin Pavlov, the prime minister, remove higher taxes on imports and exports imposed by the central government since January this year.

The protocol underlines a natural tendency among republics to join forces against the Kremlin, regardless of whether or not they intend to sign President Mikhail Gorbachev's proposed union treaty.

Only eight republics have definite plans to sign the treaty, sharing out responsibilities between central and republican governments. But all 15 are beginning to realise that without some kind of co-ordinated approach to the outside world, they will be unable to attract significant foreign aid, trade or investment.

The latest alliance could provide a way for independence-minded republics – such as the Baltics and Georgia – to present a united economic front with pro-union republics without giving in to the central government's demands that they tone down their political ambitions.

Mr Tit Raiman, deputy chief of Estonia's Department for Foreign Economic Relations, who was present at the talks, said the protocol meant that Vneshkenombank, the state bank for foreign economic relations, would continue to repay the Soviet foreign debt, but on the basis of quotas worked out by the republics.

He said the agreement, which concerned only foreign economic policy, had yet to be finally ratified by the republics.

Separately, a spokesman for Russia's president, Mr Boris Yeltsin, said Mr Pavlov had approved a compromise deal proposed by the Russian leader on the crucial issue of taxation – an obstacle to the union treaty's completion.

Under the compromise, Russia would collect all the tax revenues on its territory but would allocate a fixed percentage of this money to the government, rather than the fixed sum the Soviet government had previously insisted on.

This appeared to lend credence to a report by a presidential adviser on Friday that the Russian and Soviet governments had reached agreement on the issue.

The Ukraine, which has postponed discussion of the union treaty, had also demanded the right to collect all its own taxes.

Yeltsin to join meetings

Continued from Page 1

Moscow for a four-day visit to discuss economic reforms. It will be the first in a series of visits by G7 finance ministers.

Mr Alexander Bessmertnykh, the Soviet foreign minister, began talks yesterday with Mr James Baker, the US secretary of state, who arrived after a visit to Mongolia. Mr Bessmertnykh said the "time was ripe" for a Middle East peace conference, and warned Israel that "certain problems could arise" if it did not agree to it.

Mr Bush and Mr Gorbachev will also concentrate on Soviet economic changes at a time when teams from the World Bank and International Monetary Fund are in Moscow to begin talks on reform.

EC offers more observers

Continued from Page 1

up a Commission task force to examine possible new aid for the stricken Balkan economy.

Unfreezing current EC aid of Ecu850m ($986m) for Yugoslavia would be studied, if and when "all-party negotiations start" on Yugoslavia's future, Mr van den Broek said. Mr Markovic said his country faced repaying $4.6bn debt this year with a 50-70 per cent drop in industrial output and barely a quarter of usual tourism receipts. Four countries participating in the Conference on Security and Co-operation in Europe – Poland, Czechoslovakia, Sweden and Canada – are expected to send observers, to make up the EC-led monitoring force of 200.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Berlin	S	27	81	Caracas	C	29	84	Faro	S	23	73	Islamabad	C	36	97
Algiers	S	32	90	Biarritz	S	23	73	Casablanca	S	24	75	Florence	F	31	88	Istanbul	F	27	81
Amsterdam	S	27	81	Bombay	Dr	28	82	Chicago	C	20	68	Frankfurt	F	27	81	Jakarta	F	32	90
Athens	S	29	84	Bordeaux	C	25	77	Cologne	S	26	79	Geneva	S	24	75	Jersey	C	26	79
Bahrain	S	36	97	Boulogne	F	28	82	Copenhagen	S	24	75	Gibraltar	S	26	79	Johannesburg	S	18	65
Bangkok	F	32	90	Brussels	S	26	79	Corfu	C	21	70	Glasgow	S	22	72	Lima	C	18	64
Barcelona	S	27	81	Budapest	F	24	75	Dallas	S	24	75	Helsinki	S	25	77	Lisbon	F	22	72
Beirut	S	29	84	Buenos Aires	C	23	73	Dublin	S	20	68	Hong Kong	C	29	84	London	S	27	81
Belfast	S	21	70	Cairo	S	34	93	Dubrovnik	C	22	72	Innsbruck	S	21	70	Los Angeles	C	17	63
Belgrade	R	19	66	Cape Town	S	19	66	Edinburgh	F	18	64	Inverness	F	19	66	Luxembourg	S	26	79

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	23	73	Milan	S	30	86	Nicosia	S	27	81	Salzburg	S	23	73	Tenerife	S	25	77
Madrid	S	25	77	Montreal	S	20	68	Oporto	C	20	68	San Francisco	C	14	57	Tokyo	F	34	93
Majorca	S	30	86	Moscow	S	19	66	Oslo	S	23	73	Seoul	R	27	81	Toronto	C	28	82
Malaga	S	31	88	Munich	S	23	73	Paris	S	28	82	Singapore	S	32	90	Tunis	S	31	88
Malta	S	27	81	Nairobi	C	22	72	Peking	T	29	84	Stockholm	S	24	75	Valencia	S	34	93
Manchester	S	26	79	Naples	C	22	72	Prague	F	24	75	Strasbourg	S	27	81	Venice	S	27	81
Manila	C	32	90	Nassau	F	33	91	Reykjavik	C	12	54	Sydney	S	16	61	Vienna	S	25	77
Melbourne	C	13	55	New Delhi	F	34	93	Rhodes	S	27	81	Taipei	C	34	93	Warsaw	F	24	75
Mexico City	C	24	75	New York	C	22	72	Rio de Janeiro		–	–	Tangier	F	25	77	Washington	R	22	72
Miami	F	28	82	Nice	S	25	77	Rome	S	28	82	Tel Aviv	S	28	82	Zurich	S	23	73

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

A lower class of peak

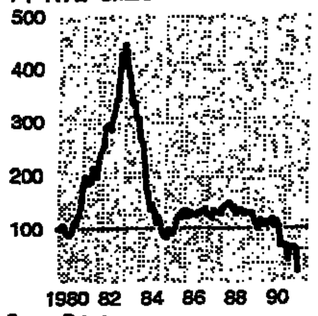
The fact that the FT-A All-Share has taken four years to regain its nominal peak of the 1980s is a vivid illustration of reduced expectations. Despite 26 per cent real growth in dividends over the period, the broad market is in real terms 24 per cent down. At its peak in July 1987, the market was priced in relation to a wholly anomalous explosion in earnings and dividends, which duly arrived. Its calculations are a lot more sober now.

Curiously enough, the present economic framework is in some ways not unlike that of July 1987. Then, UK inflation was at 4.4 per cent; it is now at 5.8 per cent. Base rate was 9 per cent and is now 11 per cent. Long gilts yielded 9.0 per cent and now yield 10.1 per cent. Sterling was at DM 3.00 and is now at DM 2.93. But there is one crucial difference. The yield on equities in July 1987 of 2.9 per cent was not only very low in itself; it also produced a screamingly high yield ratio compared to long gilts of 3.2 times. Now that the yield is 4.8 per cent, the ratio is towards the lower end of its historic range at 2.1 times. In the changed climate of the 1990s, that is more to be valued as a safeguard against collapse than as a platform for fresh recovery.

FT-SE Index: 2,595.0 (+5.7)

Barratt Development

Share price relative to the FT-A All-Share Index



Source: Datastream

Barratt

The quite unexpected warning from Barratt Developments of £100m losses in the year to June raises immediate questions about what is going on in the rest of the UK housebuilding industry. Barratt is in some respects a special case. Its trading difficulties in the mid-1980s meant it missed the opportunity to buy land cheaply. More recently, it has been unduly sanguine about the imminence of the upturn. All the same, it would be surprising if some other builders did not find their earlier provisions inadequate; they would, though, be unlucky to find, like Barratt, that write-downs made at the interim stage had to be multiplied five-fold by the year end.

As for Barratt's shares, yesterday's fall from 69p to 34p probably understates the case. The company appears to have generated almost no trading profits last year to meet interest charges of over £20m. Granted, stated net asset value per share will be around 100p even after the write-downs. But by far the company's biggest asset is work in progress, which it seems unlikely to be able to finance to completion without putting itself further at the mercy of its bankers. The alternative of a rights issue cannot be ruled out for any company, but it would have to be a heavy one, given that Barratt's market value of £61m is now only one third the size of its debts.

EC pensions

The extent to which the City of London will benefit from a single European market is easily exaggerated. There were high hopes in the UK that Sir Leon Brittan and the Commission's liberally minded financial services directorate (DG XV) would free the EC pensions industry from national constraints. They now seem to be running into opposition.

When Sir Leon first made clear his determination to achieve cross-border membership, management and investment for EC pension funds, the scale of the project seemed just a touch ambitious. Mutual recognition of different traditions was admittedly meant to be the key, but it always seemed unlikely that the 12 member countries would be easily persuaded to reconcile their highly particular and highly sensitive rules for tax, social security and employee participation on pension fund boards. The ideal of a fully fledged Euro-pension is therefore to be shelved for the moment, though a draft directive due to be adopted in Brussels in September will seek to outlaw restrictions on how fund managers can invest their assets, as well as stopping official curbs which prevent funds – in Spain, for example – from being managed outside the country.

These are small prizes, not least since those countries with the strictest rules such as Belgium, Greece, Denmark and Germany also have the smallest pension fund industries. The chances are that 1992 will have long since passed before fuller pension freedoms are achieved. There are perhaps no compelling practical reasons why cross border pension fund assets cannot be pooled. The pension promise is another matter.

BAT/Midland

There is certainly good reason for BAT's Allied Dunbar to be talking to Midland Bank. Allied's rival Lloyds Abbey Life has already shown how personal insurance can be sold lucratively through a branch network, even if tie-ups on such lines have yet to prove themselves on the continent. Allied's own momentum could slow by the mid-1990s, though its market share appears to be holding up at the moment. On top of that, the entire UK life insurance industry is finding it tough going.

No doubt BAT will find a suitable outlet, though whether it will be Midland's network remains to be seen. A central issue in any negotiations is control, and the difficulty of resolving that for these would-be partners should not be underestimated. Inevitably, a more intriguing question for the market is whether BAT has grander ambitions for swallowing up the UK's least profitable big bank. The idea that BAT would risk exposure to Midland's loan book seems fanciful, not least in the light of Eagle Star's unhappy experience in the mortgage indemnity business. Still, BAT needs UK earnings to help with ACT. Stranger things have happened at the bottom of the cycle.

Budgens

The fact that Budgens has managed to place £22m of its shares at a premium means there is hope for everyone. Never mind the improbably lurid history: the failed £2bn bid for Gateway, the abortive merger with William Low, the institutional putsch against the former chairman. The fact is that Budgens is a smallish and deeply inefficient grocery chain which made a pre-tax loss of £2m on trading last year and a net loss of £12m after write-downs, thus reducing shareholders' funds by nearly 30 per cent. The new management comes with a reputation for rescuing companies. But to quote Mr Warren Buffett, in such cases it is more often the reputation of the company which emerges intact.

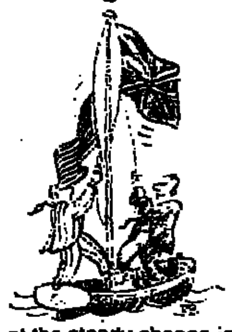
FINANCIAL TIMES
COMPANIES & MARKETS
Tuesday July 30 1991

INSIDE

Xerox profits slip to $126m in quarter

XEROX Leading US copier company Xerox yesterday reported a slight drop in second-quarter net income from $130m to $126m as the economic downturn hit demand for the top end of its document processing product range. Revenues rose 1 per cent to $4 5bn. Page 19

Drifting back to London



SmithKline Beecham – the former SmithKline Beckman of the US and Beecham of the UK – is steadily becoming more British. Two years ago, 49 per cent of the new company was in US hands. Now it is down to 40 per cent and the eastward drift is continuing. Nikki Tait in New York and Daniel Green in London look at the steady change in ownership and the reasons behind it. Page 23

Toyoda Machine may close plant

Toyoda Machine, the leading Japanese machine tool maker, is considering closing one of its three US plants because of poor performance and the US recession. Page 19

Brokers saved by new issues

The willingness of a large number of US companies to issue new stock and bonds during the second quarter helped most of Wall Street's brokers offset declines in domestic equity markets and trading volumes. Underwriting fees for the quarter more than doubled compared with the same period last year. Page 20

Heron to sell petrol stations

Heron International, the private property, housing and automotive group controlled by Gerald Ronson (left), is seeking to sell its 150-strong chain of petrol stations. The sale, which is being handled by Morgan Stanley, may raise up to £150m ($250m) and will be phased over a two-to-three year period. Page 22

Goodyear to sell plant to Akzo

Akzo, the Dutch chemicals group, yesterday said it plans to buy a US polyester-tyre yarn factory from Goodyear, the US tyre company, for $105m. Page 19

Lavalin halts Kemtec operations

Lavalin, Canada's biggest engineering group, has halted operations at its Kemtec petrochemicals unit as part of efforts to keep the Montreal-based parent company afloat. Page 19

Bullough profits drop 38%

Bullough, the UK office furniture and engineering group, yesterday reported a 38 per cent fall in profits in the six months to April. Profits fell to £7.1m ($11.9m) from £11.6m on sales down 9 per cent at £141.4m. Page 22

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				Union Immo Fr	464	+	17
Rises				**Falls**			
Bayer-Hypo	352	+	6	Bancaire Cie	485	–	9
Varta	322	+	5	Fonc Lyonn	679	–	21
Falls				Imm de Fr	1091	–	49
AG Ind&Verk	810	–	15	UFB Locabail	267	–	10.7
Holzmann	1260	–	30	**TOKYO (Yen)**			
Karstadt	575xr	–	13	**Rises**			
NEW YORK ($)				Daiwa Const	1690	+	150
Rises				Japan Casting	670	+	67
Hibernia	5½	+	1⅛	Showa Shell S	1670	+	190
Kemper Corp	31⅝	+	1⅛	Toa Valve	615	+	64
Falls				**Falls**			
CIS Tech	5⅝	–	2	Ohkura Elec	1100	–	70
Convex Comp	10⅜	–	1⅝	Shiroki	572	–	37
Microsoft	69½	–	1¾				
Vicorp Rest'nts	27	–	3¾				
PARIS (FFr)							
Rises							
Lyonn Eaux D	517	+	10				

New York prices at 12.30.

LONDON (Pence)				Pentland	84	+	7
Rises				Real Time Cntl	82	+	10
Airsprung	187	+	12	Saltire Ins	61	+	9
Bennett Fntn	25½	+	4	Seton Hlthcare	215	+	13
Bullough	110	+	12	Sutherland	63xd	+	7
Dale Elect	54	+	8	Warburg (SG)	493	+	15
Davies Newman	125	+	20	**Falls**			
Flextech	118	+	10	Barratt Devs	34	–	35
Menvier-Swain	248	+	20	Bass	304	–	16
Midland Bank	206	+	9	Brit Aerospace	568	–	17
Monarch Res	165	+	10	Greggs	435	–	18
Molltone	85xd	+	9				
P & P	95	+	11				

Credit Suisse jumps 71% in first half

By William Dullforce in Geneva

CREDIT SUISSE, Switzerland's third-largest bank and the biggest subsidiary of CS Holding, yesterday reported a 71 per cent increase to SFr1.32bn ($873m) in its first-half gross consolidated profit.

The announcement also confirms that 1991 is proving to be a much more profitable year for the big three Swiss banks. Union Bank of Switzerland announced last week that it had achieved a "significant improvement" in first-half consolidated earnings, although it did not disclose any figures. Swiss Bank Corporation reported a 25 per cent improvement to SFr906m in operating earnings.

Credit Suisse did not disclose its net earnings for the period but said that, even after a sharp rise in provisions to cover problem loans, the group's performance in the first half had "comfortably surpassed" comparable results for both the previous years.

Credit Suisse's first-half results support first-quarter indications of a strong recovery. Last year, the group cut its dividend after suffering a 31 per cent fall to SFr539m in net consolidated earnings.

The SFr1.33bn first-half pre-tax operating profit achieved at group level by Credit Suisse compares with a SFr1.48bn result for the whole of 1990 and SFr1.84bn in 1989. The 1991 first-half figure has been boosted by the inclusion for the first time of results from Credit Suisse Financial Products (CSFP) in London.

CSFP, a joint venture between Credit Suisse and CS First Boston, the investment banking group, works with derivatives, offering instruments to manage the risks associated with interest and currency rates, equities and swaps. Since it started business in July last year, the results have been "highly successful", Credit Suisse said yesterday.

However, all business areas contributed to Credit Suisse's strong performance. Income from on-balance-sheet business at SFr1.31bn was 53 per cent higher than in the first six months of 1990 and 24 per cent up on the second half of 1990. The increase was due primarily to expanded business volume and higher margins in commercial activities outside Switzerland, the bank said.

Commission income at SFr682m was 7 per cent ahead of the comparable figure for last year and 20 per cent up on the second-half result.

Earnings from foreign exchange, precious metal and banknote trading advanced 51 per cent to SFr541m on the first half of 1990. In the second half, a loss of SFr26m was recorded.

A significant factor was the recovery in securities trading which Credit Suisse described as extraordinary. The group's poor 1990 results were attributed largely to a big fall in returns from its securities business. Part of the write-downs on stocks which were necessary in 1990 had been recouped in the first quarter of this year, the bank said.

Delivering the goods: Sir Peter has boosted TNT's traffic volume and cut debt at a single stroke

TNT and five post offices set up worldwide venture

By Paul Abrahams in London and Mark Westfield in Sydney

TNT, the Australian transport group, and five state-owned postal administrations are setting up a joint venture to supply worldwide express services.

The new venture, announced yesterday, will combine the post offices' international express operations with those of TNT Express Worldwide, a subsidiary of TNT.

The combined group will have revenues of about $1bn during its first year and about 20 per cent of the international market, creating a significant force in the turbulent express services sector.

Five post offices from Germany, France, the Netherlands, Sweden and Canada, have formed a new group, GD Net, to take a 50 per cent stake in the joint venture. The other 50 per cent will be owned by TNT.

GD Net's structure allows for the participation of other postal administrations. The new company will be autonomous and managed independently of both shareholders.

TNT will benefit from a "substantial cash injection" by the post offices into the joint venture that will help reduce the group's debt. TNT said the injection was worth "several hundred million dollars". The additional volumes supplied by the post offices will reduce unit costs on TNT Express's international network.

TNT's share price on the Sydney stock exchange has suffered in recent months from anxieties about the group's high gearing.

The shares jumped 22 per cent yesterday from 68 cents to 83 cents on heavy turnover of 4.7m.

The new organisation will start operations by the end of the year, and should be profitable by 1992-93, the first full financial year, according to the partners.

The deal was put together with the help of Goldman Sachs International, the investment bank, McKinsey, the business consultants, Tory Tory Des Lauriers and Binnington, the law firm, and Arthur Andersen, the auditors.

Sir Peter finds an express solution

Sir Peter Abeles, chief executive of TNT, has overcome many difficulties in his rise from Hungarian immigrant to one of Australia's richest men. With TNT's share price sliding, however, his problems have seemed increasingly dire.

Yesterday, with the announcement of a joint venture between his transport group and five state-owned postal administrations, he took a step towards overcoming them.

The deal holds considerable logic both for TNT and for the postal administrations. The joint venture will carry overnight packages and letters originating in the participating countries. It will be able to compete on equal terms with such rivals as Federal Express, UPS and DHL.

For Sir Peter, the deal has more immediate benefits. His group's shares have fallen from A$1.67 at the beginning of the year to a low of 64 cents earlier this month.

Analysts have been disturbed by TNT's A$2.2bn (US$1.71bn) debts, of which at least A$600m start maturing next May. The company is also suffering from the depressed aircraft leasing market, which is affecting Ansett Worldwide Aviation Services (Awas), its joint venture with News Corporation.

Awas's largest customer, America West Airlines, sought protection from its creditors under Chapter 11 in June.

The joint venture with the post offices solves one of Sir Peter's main conundrums – how to stop his European operations from haemorrhaging losses.

TNT has invested about $750m in Europe, most of it on building a pan-European air network during the last three years. However, a combination of recession, excessive competition and widespread discounting has prevented the network becoming profitable. TNT has described the levels of discounting, sometimes as high as 25 per cent, as "horrendous".

At a stroke, Sir Peter has achieved two aims. He has managed to reduce his debt, since the postal administrations are making what they describe as a "substantial cash injection" to the joint venture, allowing TNT to shift debt off its own balance sheet. At the same time, by picking up guaranteed business from the post offices he has increased the traffic volumes using TNT's infrastructure. This is an important factor in a business that has high fixed costs.

Paul Abrahams in London and **Robert Taylor** in Stockholm look at a deal that promises to create a new force in global mail

"This deal is a strategic move that substantially increases our ability to compete and ensures we will survive in the market," explains Mr John Mullen, chief executive of TNT Worldwide Express.

As for the five postal administrations – those of Germany, France, the Netherlands, Sweden and Canada – the deal allows them to become meaningful players in the market.

The administrations have set up a company, GD Net, in Amsterdam. It will own 50 per cent of the venture. The German Bundespost has taken 30 per cent of GD Net, the French PTT 25 per cent, the Dutch postal authority 18 per cent, the Swedish authority 15 per cent and the Canada Post Corporation 12 per cent.

Until yesterday, the post offices had little credibility in the international express market. They have tried to compete with the independent express companies by setting up EMS, an international organisation binding about 130 postal authorities. But post offices that had made themselves efficient competitors in the domestic express business found EMS unsatisfactory, because they had no control over deliveries once products left their frontiers.

There was also little chance of getting the world's post offices to build effective linked computer systems to keep track of packages and reduce delivery costs.

Mr John Fellows, vice-president of corporate development at Canada Post explains: "We came to the reluctant conclusion that with EMS we could never achieve quality we needed. This deal provides us with an integrated service with full control from the customer's hands to final delivery. Quite simply, without TNT, we would have failed in the international market."

Mr Ulf Dahlsten, director general of Swedish Post and chief executive of GD Net, said at a press conference in Stockholm yesterday that the new company would help "reduce costs in what is an expensive and difficult area of the postal business".

The partners in the new venture expect it to be profitable by 1992-93, its first financial year. If they achieve their goal it will be a considerable achievement.

The partners are facing the worst recession in express services for more than a decade. They will also face considerable difficulties cutting costs as they integrate their information technology systems. Sir Peter has eased some of TNT's short-term problems by entering the joint venture; but there are longer-term problems still to be overcome.

Additional reporting by Ronald van de Krol in Amsterdam.

Astra wins FDA approval for blood pressure drug

By Robert Taylor in Stockholm

ASTRA, Sweden's largest pharmaceutical company, has won the approval of the US Food and Drug Administration for the use of its Plendil drug in the treatment of high blood pressure. Plendil will be traded in the US through Merck, which has a co-operation agreement with Astra.

Since its arrival on the market three years ago, Plendil has been introduced into 20 smaller countries where it secured a combined market share of 12 per cent as of the last quarter of 1990. Last year Astra earned SKr188m ($29.8m) in income from the sale of Plendil, more than twice the 1989 figure.

The breakthrough boosted confidence in Astra on the Stockholm bourse after eight days of decline. Astra's A restricted shares closed at SKr628, up SKr11 while the A free shares closed at SKr681 with a similar rise. The B shares closed at SKr679.

Astra said that following the US breakthrough it was confident it would gain access to the British, German, Italian and Spanish markets by the end of next year. It expects to win approval in Japan by 1993.

The FDA's approval of Plendil has come earlier than many analysts believed was possible. The success of Plendil provides a further boost to a company that has already been thriving with the worldwide sale of its ulcer drug, Losec.

The medication secured approval of the FDA only last month for the short-term treatment of duodenal ulcers. In May Losec won approval in Japan.

Plendil is a calcium antagonist which has a selective action on the blood vessels offering the greatest resistance to blood flow. The company said that unlike most other calcium antagonists, "Plendil does not have any adverse effect on the heart".

The US breakthrough for Plendil is likely to bring further lustre to the financial performance of Astra this year. In the first quarter the company reported a 45 per cent growth in profits to SKr757m which was much better than most analysts had predicted. At that stage Astra suggested its overall profits would rise by at least 30 per cent this year.

The company is also expected to continue to do well with its new asthma inhaler, the Turbohaler, as well as its two asthma drugs, Pulmicort and Bricanyl.

Barratt warns of £100m loss

By Vanessa Houlder, Property Correspondent

BARRATT Developments, the UK's third largest housebuilder, yesterday lost over half its stock market value, after warning that it could make a £100m ($168m) loss in the year to end-June and would pass its final dividend.

Mr John Swanson, the chairman, has resigned. His place has been taken by Sir Lawrie Barratt, who founded the company in 1958 and retired as chairman and chief executive 30 years later.

The announcement, which took analysts by surprise, underlines the continued severity of the problems in the housing market in the UK and California. Barratt said that the optimism it had expressed at the time of the interim statement, when it talked of "encouraging signs in the UK" and "a major recovery in the US", proved to be ill-founded.

Sir Lawrie said yesterday: "With the management changes which have been effected, backed by many people of wide experience throughout the group, I am confident the fortunes of the group can be restored in the near future."

Barratt's statement is the latest of several indicators that have shown how the mood of optimism in the housing market that prevailed at the end of the Gulf war has been punctured. The revival in confidence that followed prospects of lower interest rates and the end of the war has given way to worries about deepening recession and unemployment.

Barratt said that a review instigated at the end of June had led to the conclusion that very substantial provisions were necessary to ensure that all land, work in progress and other group assets accorded with net realisable value. In addition to exceptional items of about £80m, "major losses" were incurred by subsidiaries in southern England and the US in the second half.

Barratt declined to give details of the provisions. However, analysts believed that the problems were as likely to stem from its Californian interests as from the UK, where provisions of £16m were made in the first half.

Some analysts consider that the provisions may be overcautious. "There may be a large element of Sir Lawrie Barratt being a new broom and wanting to move from a low base," said one.

Barratt's decision to pass its final dividend comes a year after it shocked the stock market by cutting its dividend for the first time. Before then, the greatest threat to Barratt's record was bad publicity about timber frame houses in 1984, which nearly eradicated profits.

INTERNATIONAL COMPANIES AND FINANCE

Swissair confident of a better full-year result

By William Dullforce in Geneva

SWISSAIR made a net loss of SFr97m ($64m) during the first six months but, barring an unexpected downturn, expects to achieve a better result for the full year than the SFr4.3m net profit recorded last year.

The first-half deficit is almost the same as the SFr99m loss recorded during the first six months of 1990.

The outlook for the second half, which is always decisive for the full-year result, was better than in 1990, the Swiss national airline said.

Despite a decline in demand for air travel, Swissair managed to increase first-half gross operating earnings by SFr16m to SFr86m, thanks largely to stringent cost controls. But depreciation charges increased by SFr14m to SFr183m and narrowed the improvement in net earnings.

A further reason for "subdued optimism" was the 2.4 per cent increase to SFr2.42bn in revenues achieved in the first half in the face of waning traffic and a slightly more negative exchange-rate effect.

The higher revenue came from inflation adjustments to fares and an increase in the number of passengers travelling business and first class.

The rise in costs was held to 1.7 per cent, total spending reaching SFr2.34bn. Cost-cutting measures included a hiring freeze and lower cost-of-living adjustments to salaries. Lower fuel prices in the second quarter also helped.

In addition, Swissair cut back output – the amount of tonne-kilometres it makes available – by 4.3 per cent compared with the first half of 1990. The slump in traffic, which reached some 20 per cent in late January, eased to no more than 1.5 per cent in June. In all, Swissair transported 9.8 per cent fewer passengers and saw a 4 per cent decline in the volume of cargo and mail carried.

For last year as a whole, the Swissair group, including subsidiary airlines, hotels and catering businesses, posted a SFr22m loss and passed its dividend. The subsidiaries continued to face difficulties in the first half.

Budgens slides into £14m loss

By Maggie Urry

BUDGENS, the food retailer whose institutional shareholders installed new management in April, yesterday announced a placing to raise £21.7m net. It also reported a pre-tax loss of £14.7m (£24.7m) for the year to April 27, compared with a £11.8m profit last year.

Budgens' shares, suspended last Friday at 35p when news of the refinancing began to leak, rose 2p to 37p after the suspension was lifted.

Mr John von Spreckelsen, chief executive, said a review of the business by the new team showed the UK group's financial position was unhealthy. This would be restored through the placing, which shareholders can claw back on a six-for-seven basis at 30p. That would reduce gearing from 142 per cent at the year-end to a *pro forma* 39 per cent.

However, Mr von Spreckelsen said the prime concern was Budgens' operational failings. Although the stores were mostly modern and there was a new warehouse, the group's controls and systems were poor or non-existent, he said.

These problems would be addressed through nine projects, including: a new marketing stance projecting Budgens as a local store; a move to local pricing and stocking policies; the installation of electronic point of sale equipment; better use of high street and non-retail properties; and improved systems.

He predicted that the group would return to profit in the current year, with the possibility of a token dividend. In the 1992-93 financial year, Budgens should make "significant" earnings although it would take even longer before its trading margins reached the industry average, Mr von Spreckelsen said.

The pre-tax loss was after exceptional costs and write-offs of £11.8m (against £4.3m). After a tax credit of £3m, the retained loss was £11.6m (profit £4.9m). The loss per share was 13.31p (earnings 10.78p) and no dividend is being paid (5p).

Sales were £272.3m (£291.9m). The fall was largely due to the sale of 51 small stores to Betta Stores, a newly-formed company, during the year. Trading profits fell from £6.5m to £3m, losses on property disposals were £991,000 (profit £13.3m) and net interest charges were £4.8m (£3.8m).

Mr von Spreckelsen said the board did not expect to pay any compensation to Mr John Fletcher, the ousted chairman and chief executive, who has made a claim.

Lex, Page 16.

SGS lifts first-half revenues by 7.5%

SOCIETE GENERALE de Surveillance, the world's biggest inspection and testing services group, yesterday reported a 7.5 per cent increase to SFr1.1bn ($724m) in consolidated revenues for the first half of the current year, writes William Dullforce in Geneva.

First-half net earnings had been in line with those of 1990, when for the year as a whole SGS posted a 16 per cent increase to SFr182m.

Results in the first six months had been satisfactory, taking into account the unfavourable business environment of the first quarter and the excellent results of the same period last year, SGS said.

Without the negative exchange rate effect the increase in revenues in local currencies would have been 11.2 per cent.

Hazlewood Foods in agreed offer for rival

By Maggie Urry in London

HAZLEWOOD FOODS is making an agreed offer worth £34.7m ($58.2m) for Sutherland, a rival food group, to form an enlarged company concentrating in the UK on supplying own-label goods to supermarkets.

Hazlewood said the move would lead to cost savings and efficiencies through reorganisation and rationalisation of factories.

Half of Hazlewood's business is in the Netherlands. Its products span pickled onions, cockles and mussels, ready meals, fresh produce and cooked meats. Sutherland makes sandwiches, sausages, ready meals and quiches.

Hazlewood, which was acquisitive and a stock market favourite in the 1980s, fell from grace at the end of the decade and more recently pursued organic growth.

It said yesterday the purchase of Sutherland did not signal a return to aggressive acquisitions.

Last year, it sold its confectionery and snacks division for £59m and restructured its business, which led to a fall in pre-tax profits to £51.2m from £57.1m in the year to March 31 and a drop in earnings per share from 19.76p to 17.13p.

Sutherland has had a chequered career since joining the Unlisted Securities Market in 1984. Last week, it announced pre-tax profits of £3.02m in the year to April 27, compared with losses of £496,000.

Directors of Sutherland and their families have given irrevocable undertakings to accept the offer in respect of 37.4 per cent of Sutherland's shares. The offer is 100 new Hazlewood shares for every 286 shares in Sutherland. Full acceptance would mean Hazlewood issuing 18.65m shares, increasing its share capital by 8.8 per cent. There is no cash alternative.

The new Hazlewood shares will not rank for the recently-announced 3.7p final dividend. Hazlewood shares closed down 3p at 190p yesterday. At this price the offer values each Sutherland share at 65.1p. Sutherland shares rose 6p to 63p.

Shinier prospects for a tilemaker

Andrew Fisher tracks the progress of an east German company

MR Werner Apel-Dube, a 70-year-old German businessman, admits that his first impression when he first set eyes on east Germany's biggest tilemaker early last year was not favourable. "I thought their equipment was dreadfully inadequate, their buildings poor, their products unsuitable for the western market, and their costs and labour force too high."

But, looking harder, he saw something he liked. "I was impressed by the people, by the workers and managers and by the fact that in a very difficult time – without proper facilities and materials, and with high overheads – they still managed to turn out a fairly reasonable product." It was hardly enough to fit the company for a new life in the free market economy, but Mr Apel-Dube saw what could be done with new investment and modern marketing.

Today, Boizenburger Fliesen (Tiles) is in much better shape than when Mr Apel-Dube first saw it; his attention had been directed there by a west German tile company which he advises. Boizenburger now has modern plant, with more planned, a newly-designed range of kitchen and bathroom tiles, and distribution arrangements with west German wholesalers. The company also intends to tap the potentially huge do-it-yourself market in east Germany. What is more, Boizenburger Fliesen has obtained backing from investors and lenders in Germany, the UK, France, the Middle East, and Canada.

As east German fears about unemployment mount, though faint signs of economic recovery have emerged, Mr Apel-Dube, born in the east German town of Weimar, believes the tile company's experience "could set a positive signal". Not only will it contribute to the development of east Germany's industrial production, it will also provide jobs.

Some 600 work at Boizenburger Fliesen, far less than the 1,800 employed under the Communist regime, but the jobs are more secure than in many other east German companies. Since the village of Boizenburg, south-east of Hamburg, is near west Germany, those who have left have mostly found other jobs.

Once the border was thrown open in November 1989, the company quickly decided to take its future in its own hands.

With a loan from the Deutsche Kreditbank, the commercial banking arm of the former East German state banking system, it invested in new Italian tile-making equipment.

For Mr Apel-Dube, who spent five years as a Soviet prisoner-of-war before joining the Braun electrical concern in 1952, the courage of the tile company's management was decisive. He began to mobilise support, starting with Canadian Imperial Bank of Commerce. Mr Apel-Dube, who has also worked with General Electric in the US, and Brown, Boveri in Germany, knew CIBC's managing director in Germany, Mr Klaus-Dieter Haber.

CIBC's mergers and acquisitions unit, M & A Consult, evaluated Boizenburger's prospects. Turnover is forecast at nearly DM70m ($40m) next year, with a pre-tax profit of DM2.2m. In 1995, sales should approach DM120m, with a profit of almost DM13m.

Just under half the shares are owned by Mr Apel-Dube, Mrs Margot Bremer (the joint owner of his Adcon consultancy company), and other private investors. The majority is owned by Industriekreditbank (IKB) of Düsseldorf and Deutschland Investment Corporation, a fund specialising in east Germany and comprising Robert Fleming, the UK merchant bank which formed it, the Abu Dhabi Investment Authority, the Bahrain-based Gulf International Bank, Confederation Life Insurance (Canada), and France's Caisse des Dépôt et Consignations.

All these shareholdings are in a new operating company (share capital DM25m), shorn of all the previous buildings and equipment. Mr Apel-Dube and his fellow investors own the older property, on which they intend to develop an industry park.

Mr Haber reckons such a structure, with the old assets split off from the new, is unique in east Germany. "But it can be duplicated." In addition, a consortium of Norddeutsche Landesbank, IKB, and Berliner Bank has provided loan finance; the tile company still has around DM50m of its DM70m spending programme to complete.

With such broad backing, Boizenburger Fliesen has to sell successfully in the west. In west Germany, its tiles will be priced just below those of competitors and sold through trade dealers. In east Germany, where building and renovation needs are immense but distribution channels poor, it will concentrate on the DIY market. That in itself will be something new.

In the old days, east Germans had to wait as long as five years for tiles. Most tile output went to the west at subsidised prices to bring in foreign exchange. Now, Boizenburger, which was Europe's largest maker of wall and floor tiles in the 1930s, intends to win back its pre-war reputation both in and outside Germany.

Eurocom breaks link with Carat

By George Graham in Paris

EUROCOM, the advertising arm of the French media group Havas, has broken off its media buying partnership with Carat.

The alliance, launched two years ago in a bid to create a new European giant in the media buying business, has run into immense difficulty.

Mr Pierre Bérégovoy, the French finance minister, last year forbade Eurocom and Carat to work together in France because of fears they would control too large a slice of the domestic market.

Eurocom has announced that "for strategic reasons it has become impossible to harmonise its media activities with Carat in Europe and had therefore "decided to recover its freedom".

Carat, the leading specialist buyer of advertising space in Europe, sparked a dramatic change in the French advertising market in the 1980s. By pooling space requirements, it was able to build up its buying power and obtain better terms.

This forced other agencies which had traditionally relied on their in-house media departments to pool their media buying in order to compete with Carat's purchasing power.

The failure of Eurocom's alliance with Carat, founded by the brothers Mr Gilbert and Mr Francis Gross, is expected to compel the company to seek another media buying partner.

Eurocom is also expected to sell its 11 per cent stake in Aegis, the London quoted company which controls Carat.

The Eurocom/Carat partnership had begun to operate to some extent in Italy, Belgium, Spain and the UK, and also in France, where the two were allowed to collaborate only on international clients. Overall, however, co-operation remained limited, and the partnership accounted for only an estimated 7 per cent of Eurocom's media buying.

The two also fell out over Aegis's recent decision to pay £23.4m ($39.3m) for the 70 per cent it did not own in TMD, a UK media buyer which already operated as part of the Carat network. Eurocom voted against the refinancing package following this deal which diluted Aegis holding.

French open inquiry into Goupil chief

By George Graham

FRENCH prosecutors have opened a preliminary investigation into Mr Claude Perdrillat, former chairman of the bankrupt microcomputer company SMT Goupil, on charges of forgery and presentation of false accounts.

The investigation follows the decision last week of the Commission des Opérations de Bourse (COB), the French stock market regulator, to pass its own findings on Goupil to the lawcourts.

The report had uncovered an artificial inflation of Goupil's sales figures and order books before it filed for bankruptcy earlier this month.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Lavalin halts operations at Kemtec

By Robert Gibbens in Montreal

LAVALIN, Canada's biggest engineering group, has halted operations at its Kemtec petrochemicals unit as part of increasingly frantic efforts to keep the Montreal-based parent company afloat.

The decision to mothball Kemtec comes as Lavalin is negotiating with the federal and Quebec governments. It is banking on a rescue package.

There is intense political pressure to rescue the privately-controlled company, which for the past two decades has been a symbol of Quebec's newly-assertive business culture.

The Quebec government has injected C$20m (US$17.5m) into Lavalin to tide it over a cash crisis.

The company is said to need about C$100m in permanent new capital if it is to continue in its present shape. Mr Bernard Lamarre, chairman and controlling shareholder, may also have to accept radical management changes.

Lavalin's troubles stem from a variety of causes, including the recession, long delays in negotiating prestigious international contracts, and a disastrous aircraft leasing deal.

Lavalin made its name in the 1970s and early 1980s as one of Quebec's most internationally-minded companies. It built the National Monument in Algiers. With two other Canadian companies it undertook a major study of China's Three Gorges hydro-electric project. It has engineered and managed construction of gas processing plants in the Soviet Union's Astrakhan fields for the past decade.

Lavalin expanded rapidly in the mid and late 1980s. Acquisitions included UTDC, an Ontario-based maker of commuter trains, and Kemtec.

A subsidiary, Lavalin Industries, floated a public share issue. Most recently, the company moved into aircraft leasing. It has 6,000 employees and annual revenues of about C$1.2bn.

Lavalin Industries, which includes UTDC and Kemtec, lost C$3.8m on sales of C$540m in fiscal 1990. It carried C$227m debt at August 31 1990, mainly for Kemtec.

Mr Lamarre has put Kemtec, as well as an 85 per cent interest in UTDC up for sale, but no buyers have appeared.

Akzo set to buy Goodyear factory in US for $105m

By Ronald van de Krol in Amsterdam

AKZO, the Dutch chemicals group, said yesterday it plans to buy a US polyester-tyre yarn factory from Goodyear, the US tyre company, for $105m.

The plant, in Scottsboro, Alabama, will give Akzo its first production facility in North America for industrial fibres. Akzo produces industrial fibres in various parts of Europe and South America.

Goodyear will continue to buy polyester tyre yarn from Akzo after the acquisition is completed in the fourth quarter of 1991.

Akzo plans to enlarge the Alabama plant's production capacity of 15,000 tonnes in order to expand its presence on the North American automotive market. The company is considering using the plant to make industrial yarns for the production of such rubber goods as car hoses and V-belts.

In addition to acquiring the Alabama site, which employs 600 people, Akzo will take over Goodyear's research and development facilities in the field of polyester yarns.

The weak state of global car and tyre markets prompted Akzo last year to halt production in Germany of steelcord, used to make tyre rims. Polyester tyre yarn, by contrast, is woven into the rubber that is used to make the tyres.

Akzo said that despite the cyclical downturn in automotive sales, the US investment would eliminate the currency risk involved in selling foreign-made automotive yarns on the important US market.

Xerox slides in second quarter

By Martin Dickson in New York

XEROX, the leading US copier company, yesterday reported a slight drop in second-quarter net income – from $130m to $126m – as the international economic downturn hit demand for the top end of its document processing product range.

Net income totalled $126m, or $1.11 a share, against $130m, or $1.16, in the same period of 1990, while revenues rose 1 per cent to $4.5bn.

Xerox has been through a significant restructuring in recent years. Stripping out operations which the company has now discontinued, second-quarter income rose 4 per cent to $126m. Its document processing business – which revamped its product line last autumn – produced income of $122m, down from $128m, while operating revenues rose from $3.3bn to $3.5bn.

Mr Paul Allaire, the Xerox chairman, said sales of lower end, less expensive copiers and printers showed stronger growth in the second quarter than they did in the first, particularly in the US, but sales of higher end products, which required greater investment by customers, were still being hit by world economic weakness.

He warned that "stronger marketplace demand is required to ensure increased earnings in full year 1991."

The company's large insurance and financial services units earned $43m in the quarter, up from $33m in 1990. After interest and headquarter expenses, the unit made $4m, compared with a loss of $6m a year earlier. Revenues dropped 9 per cent to $1bn.

Toyoda Machine may close US plant

By Stefan Wagstyl in Tokyo

TOYODA Machine, the leading Japanese machine tool maker, is considering closing one of its three US plants because of poor performance and the US recession.

Toyoda Machine, an affiliate of Toyota Motor, the carmaker, said yesterday it planned to announce a decision shortly on the fate of its factory in Howell, Michigan, and of the 150 employees.

If the company shuts the plant it could be the first such closure by a Japanese company of a US factory. US officials in Tokyo yesterday could not recall a previous case. Japanese companies, fearful of provoking political friction over their investments, have mostly tried to avoid conflicts of the kind which might arise from mass-dismissals.

But the passage of time, the increases in worldwide interest rates and the economic recession in the US, have convinced some groups to reconsider their policies. Bridgestone, the tyremaker, has in the past year taken steps to staunch losses at its US operations.

But Bridgestone's measures are largely designed to counter long-standing problems at Firestone Tire and Rubber, the tyremaker it bought in 1987.

Toyoda Machine, by contrast, is considering closing a plant which started production in October 1988.

Asarco sharply down on lower metal prices

LOWER prices for copper, lead, silver and zinc held down second-quarter results at Asarco, one of the world's leading integrated producers of non-ferrous metals, writes Barbara Durr in Chicago.

Its net earnings for the three months to June 30 were $15.4m, or 37 cents a share, sharply down from $50.2m, or $1.21, last year.

Second-quarter earnings were also affected by discontinued equity accounting for Asarco's 31.2 per cent holding in Mexico Desarrollo Industrial Minero (Medimsa), which the US company is trying to sell. Medimsa contributed equity earnings of $6.7m, or 16 cents, to the second-quarter 1990 results. Sales of products and services were $458.9m in the latest quarter, against $543.1m a year ago. For the first six months, net earnings were $23.4m, or 57 cents, a 73 per cent drop from $86m, or $2.07.

Sweeping restructuring at International Corona

By Bernard Simon in Toronto

INTERNATIONAL Corona, the Canadian gold producer, has announced a sweeping reorganisation, including hiving off its non-precious metals business, simplifying its share structure, and a shareholder rights plan.

The restructuring will also put more distance between Corona and its major shareholder, Mr Ned Goodman.

Mr Goodman, who has a reputation as a consumate deal-maker, spearheaded Corona's diversification into oil and gas, base metals and merchant banking.

He resigned as chairman earlier this year amid concern that Corona was being distracted from its core gold mining business.

Mr Goodman will become chief executive of Dundee Bancorp, the new publicly-traded company which will hold Corona's non-gold assets.

Mr Peter Steen, Corona's chief executive, said that the restructuring will improve the gold producer's ability to raise funds and allow each unit to set its own operating priorities. Corporate debt will be reduced by C$100m (US$87.7m).

Under the proposed arrangement, Corona's multiple vote and subordinate vote share structure will be eliminated in favour of a single class of common share.

Corona, with estimated 1991 output of 685,000 ounces, is one of North America's lowest-cost gold producers.

It is the largest shareholder in the rich Eskay Creek deposit in British Columbia and has a 50 per cent stake in two mines in north-west Ontario.

Shareholders will be asked to approve the plan at a meeting in Vancouver on September 17.

CHH in talks with Singapore

MR RICHARD Carter, executive chairman of New Zealand forestry company Carter Holt Harvey yesterday confirmed reports that CHH has held talks with the Singapore government's two main investment companies about them taking a stake in CHH, writes Terry Hall.

The two companies, Temasek Holdings and the Government of Singapore Investment Corp formed links with CHH's leading shareholder Brierley Investments, by buying shareholdings in UK hotel group Mount Charlotte and a 6.6 per cent direct stake in BIL which owns 21 per cent of CHH. There is speculation that BIL and the two companies will form a joint venture to buy a shareholding in CHH.

CSR hopes for modest improvement in outlook

By Mark Westfield in Sydney

CSR, the Australian industrial and sugar group, hopes for a gradual improvement in demand for its key building materials products, but any increase will "at best be modest", Mr Alan Coates, chairman, said yesterday.

CSR had seen no relief from Australia's recession since the financial year ended on March 31. "It would be wrong of me to hold out the prospect of an improved outlook for CSR this year," he said.

CSR suffered a 21 per cent fall in net profit last year to A$323.5m (US$252.7m) from A$406.9m in 1990.

The 2,400 jobs CSR has shed over the last year should result in substantial cost-saving.

In building products, Mr Coates forecast an erosion of CSR's share in the plaster board sector with the completion of high-technology plants being built by Pioneer International in Sydney and Melbourne.

Mr Coates said he had little concern over the recent takeover of rival Bundaberg Sugar by Tate & Lyle, the UK sweetener group. He said that there was a chance the two companies might enter joint ventures.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Latest prices at 6:10 pm on July 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¼	102¼		7.63
ALBERTA PROVINCE 9 3/8 95	600	103¾	104		8.27
AUSTRIA 8 1/2 00	400	98¾	99¼		8.70
BANK OF TOKYO 8 3/8 96	100	99	99½		8.62
BELGIUM 9 1/8 92	400	102⅛	102⅝	+⅛	7.07
BFCE 7 3/4 97	150	98¼	98¾	+⅛	8.13
BNP 8 5/8 94	300	101¾	102⅛		7.95
BP CAPITAL 9 3/8 93	150	102⅝	103⅛		7.60
CANADA 9 96	1000	103½	103¾	+⅛	8.03
CARCO 9 1/4 96	650	100½	101⅛	+⅛	9.12
CCCE 9 1/4 95	300	103⅝	103¾		8.06
COUNCIL EUROPE 8 96	100	99⅛	99¾	+⅛	8.22
CREDIT FONCIER 9 1/2 99	300	104⅜	104⅝	+⅛	8.67
DENMARK 0 98	250	55¾	56⅛	+⅛	8.68
DENMARK 8 1/4 94	150	101⅛	101⅝		7.82
ECSC 8 1/4 96	193	100¼	100¾	+⅛	8.17
EEC 7 1/4 93	250	99⅞	100⅛		7.29
EIB 7 3/4 96	250	98⅞	99⅛	+⅛	8.03
EIB 9 1/4 97	1000	103¾	103⅝		8.54
ELEC DE FRANCE 9 98	200	102¼	102¾		8.50
EUROFIMA 9 1/4 96	100	102¼	102¾	-⅛	8.65
EXPORT DEV CORP 9 1/2 98	150	104¾	104⅝	+⅛	8.63
FINLAND 7 7/8 97	200	97	97½	+⅛	8.56
FINNISH EXPORT 9 3/8 95	200	102⅛	102⅝	-1½	8.73
FORD MOTOR CREDIT 9 1/2 93	300	102⅞	103⅛	+⅛	8.07
GEN ELEC CAPITAL 9 3/8 96	300	103⅞	104⅛	+⅛	8.36
GMAC 9 1/8 96	200	100⅞	101⅜	+⅛	8.86
HALIFAX 9 1/2 93	200	102⅞	103⅛		7.79
IBM WORLD TRADE 7 5/8 93	150	100⅛	100⅞	+⅞	7.41
IND BK JAPAN FIN 7 7/8 97	200	96⅛	96¾	+⅛	8.72
INTER AMER DEV 7 5/8 96	200	97	97½	+⅛	8.36
ITALY 8 1/2 94	1500	101¾	102		7.85
JAPAN DEV BK 8 94	150	100⅝	101		7.73
KANSAI ELEC PWR 10 96	350	105	105½	+⅛	8.63
LTCB 8 5/8 93	150	101⅛	101⅝	-⅛	7.80
NEW ZEALAND 8 93	100	100¾	101¼	+⅛	7.54
NIPPON CRED BK 9 3/4 93	150	103¾	103⅞		7.99
NIPPON TEL & TEL 9 3/8 95	200	103¾	104⅛		8.10
NORDIC INV BANK 9 93	200	102⅝	103	-⅛	7.47
ONTARIO HYDRO 11 5/8 94	200	105⅜	105⅞	-2⅜	9.09
OSTER KONTROLLBANK 8 1/8 93	200	101¼	101⅝		7.24
PETRO-CANADA 7 1/4 96	200	95⅛	96⅛	+⅛	8.38
PRUDENTIAL RLTY SECS 0 99	365.216	50⅛	50⅝	-1½	9.70
QUEBEC HYDRO 9 3/4 98	150	104	104½	+⅛	8.96
QUEBEC PROV 9 98	200	100⅝	100⅞	+⅛	8.91
SAINSBURY 9 1/8 96	150	102⅝	103⅛	+1	8.43
SAS 10 99	200	99⅞	100⅜	-⅛	10.05
SBAB 9 1/2 95	500	102⅛	102⅝	-1½	8.77
STATE BK STH AUST 9 1/4 93	100	102	102⅜	-⅛	7.75
SUMITOMO BK CAP MKT 9 3/8 93	150	102⅝	103⅛		7.99
SWEDEN 8 1/8 94	150	100⅝	101⅛		7.87
SWEDISH EXPORT 9 5/8 93	100	103⅛	103⅝		7.51
TOKYO METROPOLIS 8 1/4 96	200	99⅞	100⅜		8.26
WORLD BANK 8 3/8 99	1500	99⅞	99⅞	+⅛	8.61
WORLD BANK 8 3/4 97	1500	102⅛	102⅝	+⅛	8.35
XEROX CORPN 8 3/8 96	100	96⅞	97⅜	+1⅛	9.21

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPROVEN 11 1/8 95	200	101½	101⅞	-⅛	10.64
BULGARIAN TRADE BK 8 1/2 96	200	81½	81⅞	+⅛	13.89
DEUTSCHE BK FIN 5 5/8 96	750	88⅜	88⅞	-⅛	8.56
DEUTSCHE FINANCE 7 1/2 95	1000	97⅜	97⅞	-⅛	8.46
EIB 5 3/4 98	400	85⅝	85⅞		8.67
EIB 6 7/8 95	300	94	94	-⅛	8.99
EUROFIMA 6 1/4 98	400	88	88	+⅛	8.61
FERRO DEL STAT 5 3/8 93	500	95	95		9.14
IND BK JAPAN FIN 5 5/8 96	200	87⅛	87⅜		8.89
IND DEV BK INDIA 6 3/8 94	200	86	86	-1½	11.56
INTER AMER DEV 7 1/4 99	300	91	91	-⅛	8.88
LUFTHANSA INT FIN 5 7/8 98	500	84⅛	84⅛		8.98
NAT BK HUNGARY 8 96	200	90½	90½	+½	10.41
QUEBEC HYDRO 6 3/4 99	300	87⅞	87⅞	-⅛	8.99
SWEDEN 6 1/8 98	300	87⅞	87⅞	+⅛	8.64
VENEZUELA 8 1/4 93	100	95	95	-⅛	10.78
WORLD BANK 0 15	2000	15⅛	15⅛		7.87
WORLD BANK 5 3/4 96	300	88½	88½	-⅛	8.87
WORLD BANK 7 1/8 95	500	95⅝	95⅝	-⅛	8.61

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	92¼	92¾	+⅛	6.72
AUSTRIA 4 5/8 98	100	87⅞	88½		7.02
CHUJITSUYA 7 3/4 95	50	101⅞	102⅛		7.23
COUNCIL EUROPE 4 3/4 98	250	89	89½		6.89
EEC 5 1/2 00	100	90⅝	91½		6.91
EIB 5 3/4 93	100	97	97¼	-½	7.22
ELEC DE FRANCE 7 1/4 06	100	104	104½	+½	6.80
FINLAND 5 3/8 95	150	96¼	96⅞	+⅛	6.40
GENERAL MOTORS 7 1/2 95	100	102⅜	103		6.70
JAPAN DEV BK 5 1/2 94	100	96⅞	97⅛		6.92
NEW ZEALAND 4 7/8 99	200	88⅜	89		6.88
QUEBEC HYDRO 5 08	100	77	78		7.45
SKANDINAVISKA ENSK 6 1/2 95	100	100		+⅛	6.48
WORLD BANK 5 03	150	86	87	+½	6.73
WORLD BANK 7 01	600	101⅞	102	-⅛	6.72

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	95⅛	95⅜		6.95
CANADA 4 3/8 92	80000	97⅞	98	+⅛	7.01
CREDIT FONCIER 5 1/4 94	20000	94⅞	95⅛		7.07
DENMARK 7 95	40000	100⅛	100⅝		6.90
EIB 4 5/8 94	40000	94⅜	94⅝		6.91
GENERAL ELECTRIC 5 3/4 93	35000	97⅞	98⅛		7.20
INTER AMER DEV 7 1/4 00	30000	102⅞	102⅞	+⅛	6.84
ITALY 5 3/4 92	150000	99⅛	99⅜	+⅛	6.61
KANSAI ELEC PWR 4 5/8 94	60000	94⅛	94½	+⅛	6.98
NIPPON TEL & TEL 5 7/8 96	50000	95⅞	96⅛		6.85
NORWAY 5 1/8 95	50000	94⅛	94⅜		6.86
SWEDEN 5 5/8 95	20000	95⅞	96		6.90
WORLD BANK 6 3/4 00	50000	99⅞	100⅛		6.78

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ALBERTA PROVINCE 10 92 C$	500	100⅛	100⅜	-⅛	9.70
BCE INC 9 5/8 93 C$	300	99	99½	-⅛	10.22
BELL CANADA 10 5/8 99 C$	150	99	99½		10.81
BRITISH COLUMBIA 9 1/4 93 C$	150	99	99½		9.88
EIB 10 1/8 98 C$	130	98⅛	99⅛	-⅛	10.37
FORD CREDIT CANADA 10 94 C$	100	98⅛	98⅞		10.70
GENERAL ELECT CAP 10 1/4 93 C$	175	100⅜	101	-⅛	9.95
MONTREAL TRUSTCO 8 1/2 92 C$	100	98⅛	99⅛	+⅛	10.17
ONTARIO HYDRO 10 7/8 99 C$	500	100⅝	101		10.73
QUEBEC PROV 10 1/2 98 C$	200	98	98½	-⅛	10.88
ROYAL TRUSTCO 10 1/4 93 C$	100	99⅛	99⅝		10.76
SWEDEN 9 3/4 93 C$	250	100⅛	100⅝		9.62
BELGIUM 9 1/8 96 Ecu	1250	99⅛	99⅝	-⅛	9.31
CNT 7 3/8 93 Ecu	250	95⅛	96⅛	+⅛	9.98
CREDIT LYONNAIS 9 96 Ecu	125	96⅞	97⅛	-⅛	9.90
DENMARK 7 5/8 96 Ecu	250	92⅝	93⅛	+⅛	9.76
EEC 7 5/8 94 Ecu	200	96	96½		9.41
EIB 10 97 Ecu	1125	103⅞	104		9.05
ITALY 10 3/4 00 Ecu	1000	107⅛	107⅝	-⅛	9.43
UNITED KINGDOM 9 1/8 01 Ecu	2750	99⅛	99⅜	-⅛	9.25
BMW FINANCE 14 1/2 92 A$	100	101⅛	102⅛	-⅛	11.80
COUNCIL EUROPE 13 93 A$	50	100⅝	101⅛	-⅛	12.32
EKSPORTFINANS 12 3/8 95 A$	75	102⅞	103⅛		11.38
FORD CRED AUST 13 93 A$	50	100⅞	101⅛	-⅛	12.60
[illegible] 15 1/2 92 A$	100	102⅞	103⅜		11.56
MCDONALDS CANADA 15 95 A$	100	108⅛	109⅛		12.04
NAT AUSTRALIA BANK 14 3/4 94 A$	150	106⅛	106⅝	+⅛	11.73
STATE BK NSW 14 1/4 99 A$	100	109⅛	109⅝		12.39
VOLKSWAGEN INTL 15 94 A$	100	107	107½		11.78
ABBEY NATL TREAS 13 3/8 95 £	100	106⅛	106⅝		11.10
BARCLAYS JERSEY 9 1/2 93 £	250	97⅛	98⅛		10.96
BRITISH GAS 12 3/4 95 £	300	105	105½		10.91
DEUTSCHE BK FIN 11 94 £	225	100⅝	101		10.63
EIB 10 97 £	386.5	97⅛	97⅝		10.68
FORD CREDIT FUNDING 9 5/8 93 £	50	96⅛	97⅛		11.76
INTER AMER DEV 11 3/8 95 £	75	102	102½		10.69
ITALY 10 1/2 14 £	400	94⅛	94⅝	+⅛	11.16
LAND SECS 9 1/2 07 £	200	82⅛	82½	+⅛	12.07
LEEDS PERMANENT 9 1/4 93 £	50	96⅞	97⅛	-⅛	11.35
NORWAY 10 1/2 94 £	200	99⅝	100	+⅛	10.62
ROLLS-ROYCE 9 5/8 93 £	150	96⅞	97⅛		11.51
SAINSBURY 10 7/8 93 £	100	99⅝	100		11.16
SKANDINAVISKA ENSK 13 1/8 95 £	100	105⅛	105⅝	+⅛	11.20
WORLD BANK 11 1/4 95 £	100	101⅞	102⅛	+⅛	10.64
ABBEY NATIONAL 0 96 NZ$	100	59	60	+⅛	10.72
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104⅛	105⅛	+⅛	10.76
AIDC 7 7/8 93 FFr	600	96	96⅛		9.99
EURATOM 7 5/8 98 FFr	500	92	92½	+⅛	9.24

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.01	100.11	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.48	99.58	11.2050
BANCO ROMA 0.03 01	200	92.13	93.13	6.4675
BANCO SANTO SPIRITO 93	200	99.52	99.67	6.5000
BELGIUM 1/16 97 DM	500	99.98	100.10	9.1250
BFCE -0.02 96	350	99.93	100.03	6.1050
BNP 05	300	95.88	96.88	6.3125
BRITANNIA 1/10 96 £	150	99.07	99.28	11.2250
CCCE 06 ECU	200	99.86	99.96	9.5938
CITIZENS FED 0.15 96	100	99.45	99.85	7.0250
COMMERZBK O/S FIN 93	200	100.05	100.15	6.5625
DENMARK -1/8 96	1000	99.65	99.75	6.5938
DRESDNER FINANCE 1/32 98 DM	1000	99.97	100.07	9.2656
ELEC DE FRANCE 1/8 99	400	100.48	100.73	7.0000
FERRO DEL STAT 94	200	100.45	100.70	6.8750
HALIFAX 1/10 94 £	200	99.81	99.89	11.7250
ITALY 00	500	100.79	100.88	6.3750
MITSUI FIN ASIA 1/8 96	100	99.61	99.71	7.0000
MORGAN (JP) 1/4 97	250	98.63	99.13	6.2500
NAT WEST FIN 3/16 05	400	92.00	93.08	6.5000
NEW ZEALAND 93	500	99.89	99.99	6.5000
QUEBEC PROV 01	300	96.48	96.73	6.1250
RENFE 98	500	99.97	100.07	6.0625
SOCIETE GENERALE 96	300	99.25	99.35	6.3125
STATE BK VICTORIA 0.05 99	125	98.48	98.75	6.4875
UNITED KINGDOM -1/8 96	4000	100.00	100.03	5.9375

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	68	2.86	116⅜	117⅛	+6.56
ASDA-MFI 4 3/4 02 £	100	1.64	111⅛	112⅛	
BURTON GROUP 4 3/4 01 £	110	3.15	116½	118	
EASTMAN KODAK 6 3/8 01	300	50.67	95⅛	96⅛	+22.19
GOLD KALGOORLIE 7 1/2 00	65	1.0554	72⅞	73⅞	+44.65
GOODYEAR TIRE 6 7/8 03	150	80⅛	76	77	+59.97
GRACE (WR) 6 1/4 02	150	42⅛	95½	96½	+12.14
HANSON 9 1/2 06 £	500	2.5875	99⅛	100	+21.71
HAWLEY 6 02 PREF	400	19.1	75	80	
HILLSDOWN 4 1/2 02 £	150	4.16	111	112½	+98.18
INTL PAPER 5 3/4 02	200	68⅛	104⅞	105⅞	+4.18
LAND SECS 6 3/4 02 £	84	6.72	85	86	+13.56
MITSUBISHI BK 1 3/4 02	300	2727.1	107	108⅛	+5.82
OGDEN 6 02	85	39.077	69	70	+43.80
PACIFIC DUNLOP 6 3/4 97	75	3.749	104⅛	105⅛	+1.85
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	83	84	
THORN EMI 5 3/4 04 £	103	7.45	116	117	+14.62

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Luke-warm reception for EC's Ecu issue

By Simon London

THE European Community yesterday launched its anticipated Ecu issue in the international bond market, gaining praise from intermediaries for sensible pricing but eliciting little investor enthusiasm.

The EC added Ecu435m to its outstanding Ecu500m seven-year deal opened in late February. Lead-managed by Paribas Capital Markets, the bonds carry a coupon of 9¼ per cent and were re-offered to investors at a fixed price of 99.55, where the yield is 9.324 per cent. At this level, the new bonds offered a small 3 basis points pick-up over the outstanding paper, but this was eroded during the day as the old bonds fell in price.

It is a measure of how far yields have risen in the Ecu market that the original deal, lead-managed by Dresdner Bank, was launched at a yield of 9.08 per cent. However, this earlier transaction was widely considered to be mis-priced following a competitive bid for the new issue mandate among underwriting firms at the peak Ecu sector activity.

Both the borrower and Eurobond firms appear to have learned from the episode, and yesterday's deal was regarded as fairly priced.

Yet few firms reported much demand for the bonds. Demand for Ecu securities has been lacklustre for the past three months, and the market as a whole is entering a summer lull. Firms which did place bonds reported switching out of other Ecu issues, with little new cash coming into the market.

Elsewhere, Household Mortgage Corporation overcame recent negative events in the mortgage-backed securities market to make a successful £200m issue.

The deal, lead-managed by Credit Suisse First Boston, pays a margin of 45 basis points over the London interbank offered rate for the first seven years. The bonds have an average life of 4.47 years and were re-offered to investors at a fixed price of 99.835. At this price, the discounted margin is 50 basis points over Libor.

Participants in the deal reported good reception for the issue, the first sterling mortgage-backed deal in nearly two months.

The issue will carry a triple-A credit rating based on sales of around £12m subordinated notes, placed privately by the lead manager.

BP America, the US subsidiary of the UK oil group, took advantage of currency swaps opportunities in the Australian dollar sector to achieve cost-effective US dollar funding. The company made a A$100m three-year issue, lead-managed by Merrill Lynch International, priced to yield 42 basis points over Australian government bonds.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
HMC Mtge.Notes 8(b)‡†	200	(b)	100	2034	0.365/0.315	CSFB
ECUs						
European Community(c)†	435	9¼	101⅛	1998	1⅞/1.725	Paribas Cap.Mkts.
AUSTRALIAN DOLLARS						
BP America Inc.(a)†	100	11⅛	101.27	1994	1½/1⅛	Merrill Lynch
SWEDISH KRONOR						
Nordic Inv.Bk(a)†	500	11	101⅞	1998	1⅞/1⅝	Skan'ska Enskilda Cap.Mkts.
D-MARKS						
Union Bk of Finland(a)†	200	9¼	101.10	1993	1¼/¾	Deutsche Bk
Fokker(d)‡†	150	(d)	100	1998	25bp	Dresdner Bk
Toyo Linoleum(a)♦	80	5⅜	100	1995	2¼/1½	Nomura Bk GmbH
Merrill Lynch & Co.NY(e)†	180	9¼	101.45	1994	1.8/1	Merrill Lynch Bk AG

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms.a) Non-callable. b) Mortgage-backed issue. Callable from 8/94 at par. Average life - 4.47 years. Coupon pays 45bp over 3-month Libor until 8/98, then pays 70bp over 3-month Libor thereafter. c) Fungible with existing Ecu500m from August. d) Put option, once only, on 26/8/93 at par. Callable from 26/8/93 at par. Coupon pays 25bp over 6-month Libor. e) Amount increased from DM150m. Issue launched April.

Liffe names brokers for Italian contract

By Tracy Corrigan

THE London International Financial Futures Exchange (Liffe) has appointed 11 designated brokers to help boost the liquidity of its Italian government bond futures contract, which starts trading on September 19.

The Matif, which launches its rival contract on September 5, plans to appoint a small team of designated market-makers, but firms may not be assigned until after the new contract starts trading.

The designated brokers for the Liffe contract are: Citifutures, Dean Witter, GNI, Istituto Bancaio San Paolo di Torino, Lehman Brothers, JP Morgan, Midland Montagu, Prudential-Bache, Quantum Financial Services, Refco Overseas and UBS Phillips & Drew.

Dealers expect both contracts to make a slow start. The Italian government bond market, which boomed at the start of the year, is currently sagging.

Nevertheless, traders think the contract has a good chance for success in the longer term.

Refunding keeps Treasuries in check

By Patrick Harverson in New York and Sara Webb in London

US BOND prices were little changed yesterday morning, although a surge in commodity prices unsettled bonds in light early trading.

By midday, the benchmark 30-year Treasury issue was unchanged at 97$\frac{1}{32}$, yielding 8.384 per cent. The two-year note was firmer, up $\frac{1}{32}$ at 100$\frac{1}{32}$, to yield 6.807 per cent.

GOVERNMENT BONDS

The long bond was weaker at the start, after the CRB index of commodity prices rose sharply, although the rise in the index was attributed to technical buying of grain.

While the long end languished, shorter-dated paper moved higher on hopes that the Federal Reserve will cut interest rates once more. However, both ends of the market were held back by investors' reluctance ahead of tomorrow's announcement of the August refunding requirement.

■ GERMAN government bond prices edged up, helped by short-covering as traders awaited details of the new Unity bond issue.

The Liffe bund futures contract opened at 83.57 and rose to 83.62 on short-covering, traders said. The German bond consortium is meeting today to set the terms of the new bond issue, the first Unity bond issue since February. Traders expect between DM6bn and DM8bn in Unity bonds to be issued with a coupon of about 8¾ per cent.

Germany started to issue Unity bonds to help cover the cost of unification and the rebuilding of eastern Germany. So far, DM16bn has been raised since the fund was set up last July.

Traders expect demand for the new Unity bond to be weak as investors are worried that the Bundesbank may raise interest rates to help curb inflation. There is speculation that the Bundesbank may raise interest rates after its council members return from their summer break on August 15.

■ IN London, UK government bonds were little changed. Traders said that none of the £1bn tap stock – the 9 per cent gilt due 2011 which was announced 10 days ago – has been sold yet. Yesterday, the market price came close to the tap price, and traders said if gilt prices rallied this week, some of the stock may be sold.

The benchmark 11¾ per cent gilt due 2003/07 opened at 110$\frac{13}{32}$ and closed at 110$\frac{7}{32}$.

■ JAPANESE government bonds slipped back yesterday after last week's rally. The yield on the benchmark No 129 JGB opened at 6.63 per cent and closed at 6.645 per cent. Volume in the benchmark bond was low at Y450bn.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.5428	-0.193	10.92	10.97	11.16
BELGIUM		10.000	08/00	102.8500	-0.050	9.51	9.46	9.34
CANADA *		9.750	12/01	98.8250	-0.250	9.93	9.99	10.07
DENMARK		9.000	11/00	97.1750	-0.025	9.45	9.34	9.28
FRANCE	BTAN	9.000	02/96	98.3791	-0.036	9.42	9.25	9.24
	OAT	9.500	01/01	101.4600	+0.010	9.24	9.16	9.09
GERMANY		8.375	05/01	97.9400	+0.080	8.69	8.62	8.51
ITALY		12.500	03/01	98.9900	-0.300	13.48	13.34	13.34
JAPAN	No 119	4.800	06/99	88.6747	-0.088	7.03	7.16	7.30
	No 129	6.400	03/00	98.6275	-0.135	6.65	6.74	6.84
NETHERLANDS		8.500	03/01	97.3700	-	8.90	8.85	8.76
SPAIN		11.900	07/96	99.2000	+0.050	12.10	12.06	12.00
UK GILTS		10.000	11/96	99-01	+0/32	10.23	10.28	10.50
		10.000	02/01	99-00	+0/32	10.17	10.20	10.51
		9.000	10/08	92-10	+01/32	9.94	9.95	10.17
US TREASURY *		8.000	05/01	98-22	-05/32	8.19	8.28	8.27
		8.125	05/21	97-03	+0/32	8.39	8.48	8.45

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

Corporate treasurers come to the aid of Wall Street

Patrick Harverson on a good quarter for brokers

AS the second-quarter reporting season draws to a close, the bosses of Wall Street's big securities houses would do well to write a note of thanks to the country's corporate treasurers.

It was the willingness of a large number of US companies to issue new stock and bonds during the quarter that put money into brokers' pockets, at a time when a sluggish equity market was threatening to undermine some of the gains of an exceptional first quarter.

The story of the second quarter 1991 is one of success in spite of declines in domestic equity markets and trading volumes. The top eight publicly-quoted houses alone made profits of more than $600m between April and June, making it the most profitable first six months of the year for Wall Street since before the 1987 stock market crash.

New issue underwriting was the star performer of the quarter. According to Securities Data, the financial information group, $152bn in new debt and equity issues were completed during the three months, easily outstripping the $85.2bn of new issues a year earlier.

As a result, underwriting fees in the quarter jumped to $1.35bn, more than double the $607m earned in the second quarter of 1990.

Typical of the experience of Wall Street houses was the $341m of investment banking revenues reported by Merrill Lynch. A large part of that 31 per cent growth was made up of almost a fifth of the new issues completed. Other active underwriters included Goldman Sachs ($18.9bn in issues), Salomon ($18.3bn), and Shearson Lehman ($14.5bn).

Low borrowing costs was the big factor behind the rush of new issues. Successive cuts in short-term interest rates early in the year, and the stabilisation of long-term rates below 8½ per cent, persuaded many companies that the time was right to ask the securities markets for fresh funds.

The perception that interest rates had bottomed by April accelerated the trend, with corporate treasurers keen to get to the market before the cost of raising new funds rose again.

TOP 10 US UNDERWRITERS (2nd QUARTER 1991)

	Fees $m	Market share %	Value of issues $bn
Merrill Lynch	246	18.2	27.[illegible]
Goldman Sachs	224	16.6	18.9
Salomon Brothers	128	9.5	18.3
Alex. Brown	110	8.1	1.6
Morgan Stanley	108	8.0	9.7
First Boston	82	6.1	11.6
Shearson Lehman	79	5.9	14.5
Donaldson, Lufkin	39	2.9	3.9
Smith Barney	38	2.8	2.4
Kidder, Peabody	36	2.6	12.3

Source: Securities Data

On the buying side, the piles of cash institutional investors had been sitting on during the Gulf war were run down in the second quarter as institutions bought new equity and debt. The individual investor, meanwhile, displayed a healthy appetite for the many initial public offerings (IPOs) launched in the equity market.

Merrill Lynch's position at the top of the underwriting tables was a reflection of its position as the country's biggest broker. The firm's strong links to retail customers helped commission revenues rise 15 per cent to more than $500m, while earnings were buoyant on proprietary securities trading and asset management.

Although not as big as Merrill, Salomon was not far behind in second-quarter profits, earning a hefty $176m. Securities trading profits were strong, with big gains from mortgage, corporate and government bonds offsetting weak equity trading earnings and flat commission revenues.

Among the big broking houses, Shearson Lehman, a subsidiary of American Express, stood out with a net loss for the quarter of $37m. An operating profit of $93m on its investment banking and trading businesses fitted into the industry-wide pattern, but the gains were swamped by $171m of write-offs linked to its stake in a bankrupt Californian insurance holding company and the unwinding of a mortgage portfolio in the UK.

Mergers and acquisitions business in the quarter remained a disappointment. In the three months, $20.8bn of M&A deals were completed, well down on the $43.3bn of the previous quarter.

Of the top 10 M&A advisers, only top dog First Boston reported a rise in business during the period. The next five firms in the M&A table – Shearson Lehman, Lazards, Goldman Sachs, Merrill Lynch and Salomon – experienced dramatic declines in the value, if not the number, of deals.

The efforts of Wall Street houses to cut costs continued to reap dividends. Excluding performance-related compensation linked to higher revenues, expenses fell over the three months, a reflection of smaller payrolls, lower occupancy costs, and stricter cost control regimes.

But what of the rest of the year for Wall Street? On the trading front, domestic bond and equity markets are expected to stay in a holding pattern, and could even weaken if fears of a "double-dip" recession are realised.

Moreover, institutional and individual investors are no longer flush with cash, so retail broking commissions and equity trading revenues are not expected to match those of the first half.

As for underwriting revenues, although there are still plenty of IPOs scheduled, signs of a slowdown in new issues are already apparent. Institutional fund levels are low, and investors are being more choosy about which issues they invest in.

M&A business, however, might prove a bright spot. In the past fortnight, two multi-billion dollar bank mergers have been announced, and more could materialise amid further restructuring of the banking industry.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Index No. (Mon Jul 29 1991)	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Jul 26 Index No.	Thu Jul 25 Index No.	Wed Jul 24 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (183)	834.85	......	10.37	5.78	11.90	22.56	835.32	830.78	831.59	865.89
2	Building Materials (24)	1068.93	-0.8	9.08	5.83	13.95	30.76	1078.04	1070.50	1070.44	1115.07
3	Contracting, Construction (31)	1136.09	-2.3	9.68	6.87	13.65	32.68	1162.36	1162.08	1160.65	1438.61
4	Electricals (10)	2483.26	......	10.34	5.39	12.31	61.85	2484.59	2442.94	2448.66	2424.34
5	Electronics (25)	1675.76	-0.2	9.01	5.36	14.75	46.89	1678.45	1679.86	1679.64	1763.25
6	Engineering-Aerospace (8)	420.89	-0.5	16.26	5.96	7.38	12.11	422.96	419.19	417.66	458.96
7	Engineering-General (45)	457.81	+0.8	11.95	5.58	10.25	11.82	454.10	452.00	450.95	490.18
8	Metals and Metal Forming (8)	439.37	+0.5	16.06	8.04	7.65	16.93	437.20	435.92	441.77	481.35
9	Motors (12)	322.79	......	12.24	7.43	9.63	10.28	322.98	323.41	327.67	349.65
10	Other Industrial Materials (20)	1625.50	+0.9	8.58	4.95	13.71	36.42	1611.62	1598.79	1598.87	1536.67
21	CONSUMER GROUP (188)	1516.72	+0.2	7.67	3.60	16.08	25.63	1513.79	1513.82	1515.85	1301.93
22	Brewers and Distillers (22)	1828.71	-0.1	8.42	3.62	14.49	34.70	1829.94	1836.93	1840.99	1643.02
25	Food Manufacturing (19)	1204.64	+0.1	9.53	4.11	12.96	24.43	1202.95	1202.07	1203.99	1088.71
26	Food Retailing (17)	2701.10	+0.1	7.96	3.09	16.43	39.61	2698.04	2691.95	2690.89	2607.75
27	Health and Household (22)	3616.61	+0.2	5.26	2.38	21.71	30.93	3609.42	3633.94	3654.53	2532.40
29	Hotels and Leisure (24)	1303.15	+1.1	9.76	5.32	12.24	32.35	1289.37	1276.74	1267.82	1442.44
30	Media (26)	1427.09	-0.6	8.24	4.97	15.72	38.26	1436.41	1435.40	1436.61	0.00
31	Packaging, Paper & Printing (17)	749.41	-0.1	7.51	4.40	16.08	15.15	749.97	746.00	743.08	602.97
34	Stores (32)	984.42	+0.6	7.78	3.78	16.78	17.06	978.15	971.49	970.59	810.83
35	Textiles (9)	582.95	+1.2	8.60	5.32	14.44	13.79	576.18	568.31	569.02	488.28
40	OTHER GROUPS (109)	1271.06	+0.1	9.70	5.07	12.85	29.31	1269.59	1259.33	1256.43	1144.46
41	Business Services (12)	1333.49	+0.7	8.09	4.89	15.28	29.77	1324.69	1307.87	1314.39	0.00
42	Chemicals (21)	1429.68	+0.9	7.17	5.04	17.20	33.03	1416.23	1413.68	1407.66	1216.00
43	Conglomerates (10)	1473.70	+0.5	10.13	7.16	11.92	35.14	1466.45	1473.04	1486.03	1603.86
44	Transport (13)	2248.03	+1.0	8.41	4.74	14.73	50.50	2226.48	2208.39	2212.33	2321.45
45	Electricity (16)	1239.20	+0.5	13.94	5.24	9.17	18.41	1233.62	1227.58	1229.64	0.00
46	Telephone Networks (4)	1533.05	-0.7	9.68	3.97	13.52	28.31	1543.28	1514.93	1488.86	1173.93
47	Water (10)	2433.47	-1.3	16.79	6.33	6.59	118.37	2466.73	2458.16	2491.30	2002.80
48	Miscellaneous (23)	2005.64	+0.1	6.06	4.82	21.40	47.89	2002.88	1984.31	1988.93	1727.69
49	INDUSTRIAL GROUP (480)	1272.48	+0.1	8.85	4.50	13.99	26.53	1270.95	1266.28	1266.38	1155.20
51	Oil & Gas (20)	2491.03	+0.2	10.89	5.50	12.08	67.26	2485.61	2488.45	2491.64	2351.11
59	500 SHARE INDEX (500)	1375.67	+0.1	9.11	4.62	13.71	29.82	1373.85	1369.65	1369.97	1254.97
61	FINANCIAL GROUP (94)	810.91	+0.9	-	5.84	-	21.65	803.86	796.58	798.69	787.59
62	Banks (9)	943.66	+1.3	6.29	5.89	23.88	24.83	931.41	910.27	916.52	836.91
65	Insurance (Life) (7)	1535.22	+0.4	-	5.39	-	41.64	1528.35	1518.58	1508.03	1452.44
66	Insurance (Composite) (6)	650.62	......	-	6.73	-	20.23	650.94	650.98	650.32	659.19
67	Insurance (Brokers) (8)	1145.34	-0.1	6.80	5.91	19.05	30.61	1146.65	1156.81	1161.50	961.63
68	Merchant Banks (7)	432.92	+1.9	-	4.84	-	11.00	425.01	423.18	425.77	436.13
69	Property (37)	928.52	+1.2	6.01	4.95	23.86	19.84	917.78	924.88	927.14	1086.43
70	Other Financial (20)	249.37	+0.7	11.49	7.23	10.89	7.99	247.71	248.14	248.56	288.29
71	Investment Trusts (70)	1222.38	+0.2	-	3.49	-	20.95	1219.77	1218.01	1225.65	1202.56
99	ALL-SHARE INDEX (664)	1238.79	+0.2	-	4.75	-	27.55	1235.92	1231.23	1232.11	1142.87

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 26	Jul 25	Jul 24	Jul 23	Jul 22	Year ago
FT-SE 100 SHARE INDEX♦	2595.0	+5.7	2612.4	2587.7	2589.3	2579.6	2580.5	2587.9	2558.5	2316.5

FIXED INTEREST

	PRICE INDICES	Mon Jul 29	Day's change %	Fri Jul 26	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (29)	120.95	+0.03	120.91	1.68	7.13
2	5-15 years (27)	131.08	+0.14	131.17	1.68	8.39
3	Over 15 years (9)	139.61	+0.16	139.40	3.04	6.44
4	Irredeemables (6)	152.88	+0.12	152.70	2.37	7.34
5	All stocks (71)	130.23	+0.10	130.25	1.83	7.88
	Index-Linked					
6	Up to 5 years (1)	160.21	-0.02	160.24	0.70	2.72
7	Over 5 years (10)	145.36	+0.01	145.34	0.55	2.76
8	All stocks (11)	146.36	+0.01	146.34	0.56	2.76
9	Debs & Loans (56)	110.16	+0.03	110.20	2.91	5.39

	AVERAGE GROSS REDEMPTION YIELDS		Mon Jul 29	Fri Jul 26	Year ago (approx.)
	British Government				
1	Low	5 years	9.06	9.01	10.66
2	Coupons	15 years	9.85	9.87	10.65
3	(0%-7¾%)	20 years	9.85	9.87	10.65
4	Medium	5 years	10.23	10.24	11.90
5	Coupons	15 years	10.05	10.07	11.12
6	(8%-10¾%)	20 years	9.99	10.01	10.92
7	High	5 years	10.40	10.41	12.00
8	Coupons	15 years	10.17	10.20	11.36
9	(11%-)	20 years	10.07	10.09	11.17
10	Irredeemables	†	10.05	10.06	10.75
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.42	4.40	5.10
12	Inflation rate 5%	Over 5 yrs.	4.36	4.36	4.28
13	Inflation rate 10%	Up to 5 yrs.	3.47	3.45	3.97
14	Inflation rate 10%	Over 5 yrs.	4.17	4.17	4.10
15	Debs &	5 years	11.93	11.90	13.76
16	Loans	15 years	11.70	11.68	12.79
17		25 years	11.47	11.46	12.52

♦Opening index 2587.7; 9 am 2599.5; 10 am 2602.9; 11 am 2609.2; Noon 2605.8; 1 pm 2604.8; 2 pm 2606.2; 2.30 pm 2606.7; 3 pm 2602.7; 4.10 pm 2595.5; (a) 10.43am (b) 8.30am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	47	10	26
Corporations, Dominion and Foreign Bonds	6	1	13
Industrials	399	196	921
Financial and Properties	186	85	469
Oils	21	14	55
Plantations	0	0	10
Mines	52	19	88
Others	71	38	46
Totals	782	363	1,628

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
145	Nil	–	53pm	18pm	Airsprung Furniture 10p	49pm	+16
140	Nil	–	15pm	14pm	British Fittings 20p	15pm	
Ir25p	Nil	–	½pm	¼pm	[illegible] Resources Ir25p	¼pm	
30	Nil	–	6½pm	3½pm	Barton Group 10p	4½pm	-1
2½	Nil	–	2pm	½pm	Caverdale 1p	½pm	
88	Nil	–	4pm	2pm	Countryside Props.	2pm	-1
60	Nil	–	7pm	2pm	Dean & Bowes 5p	2pm	-2
30	Nil	–	¼pm	¼pm	Eng. & O'seas Props. 10p	¼pm	
31	Nil	–	2½pm	1½pm	Ex-Lands 10p	1½pm	
25	Nil	–	7pm	2pm	Hemingway Props.	2½pm	
75	Nil	–	1¼pm	1¼pm	Hewetson 10p	1¼pm	
87	Nil	–	18pm	10pm	JLI Group 20p	17½pm	+1
47	Nil	–	2pm	½pm	Scottish Value Tst.	½pm	
190	Nil	–	34pm	22pm	Trafalgar House A 20p	25pm	-3

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. $ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings July 22
- Last Dealings Aug. 2
- Last Declarations Oct. 24
- For settlement Nov. 4

For rate indications see end of London Share Service

Calls in Anglia TV, Medeva warrants, Midland & Scottish Res., Next, Norex, Proteus Intl. and Trident Pet. Puts in Carr's Milling and Hadleigh Inds. Put and call in Crest Nicholson.

LONDON TRADED OPTIONS

Option	Calls	Puts
[illegible]	[illegible]	[illegible]

July 29 Total Contracts 23,012 Calls 13,981 Puts 9,031 FT-SE Index Calls 5,156 Puts 5,331 Euro FT-SE Calls 768 Puts 91.

*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, July 29, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	59.2714	33.816	42.9189
Albania	(Lek)	10.0695	6.0134	3.4308	4.3543
Algeria	(Dinar)	29.7687	17.7776	10.1426	12.8729
Andorra	(Fr Fr)	9.9800	5.9599	3.4003	4.3156
	(Sp Peseta)	183.80	109.764	62.6235	79.481
Angola	(Kwanza)	99.8665	59.6398	34.026	43.1855
Antigua	(E Carr $)	4.5333	2.7072	1.5445	1.9603
Argentina	(Austral)	16782.9	10022.6	5718.19	7257.47
Aruba	(Florin)	3.0054	1.7948	1.0239	1.2996
Australia	(Aus $)	2.1637	1.2921	0.7372	0.9356
Austria	(Schilling)	20.665	12.335	7.0374	8.9318
Azores	(Port Escudo)	251.50	150.194	85.6899	108.757
Bahamas	(Bahamas $)	1.6745	1	0.5705	0.7241
Bahrain	(Dinar)	0.6315	0.3771	0.2151	0.273
Balearic Is	(Sp Peseta)	183.80	109.764	62.6235	79.481
Bangladesh	(Taka)	58.00	34.6372	19.7614	25.081
Barbados	(Barb $)	3.3770	2.0167	1.1505	1.4603
Belgium	(Belg Fr)	60.45	36.1003	20.5962	26.1405
Belize	(B $)	3.3580	2.0053	1.1441	1.4521
Benin	(CFA Fr)	499.00	297.999	170.017	215.784
Bermuda	(Bermudian $)	1.6745	1	0.5705	0.7241
Bhutan	(Ngultrum)	42.70	25.5001	14.5485	18.4648
Bolivia	(Boliviano)	6.0444	3.6096	2.0594	2.6137
Botswana	(Pula)	3.4529	2.062	1.1764	1.4931
Brazil	(Cruzeiro)	571.60	341.356	194.753	247.178
Brunei	(Brunei $)	2.9390	1.7551	1.0013	1.2709
Bulgaria	(Lev)	31.014	18.5215	10.5669	13.4114
Burkina Faso	(CFA Fr)	499.00	297.999	170.017	215.784
Burma	(Kyat)	10.799	6.449	3.6793	4.6698
Burundi	(Burundi Fr)	284.55	169.931	96.9505	123.049
Cambodia	(Riel)	1343.20	802.15	457.649	580.843
Cameroon	(CFA Fr)	499.00	297.999	170.017	215.784
Canada	(Canadian $)	1.9240	1.1489	0.6555	0.832
Canary Is	(Sp Peseta)	183.80	109.764	62.6235	79.481
Cp. Verde	(CV Escudo)	130.5423	77.9589	44.4777	56.4507
Cayman Is	(CI $)	1.3936	0.8322	0.4748	0.6026
Cent.Afr. Rep	(CFA Fr)	499.00	297.999	170.017	215.784
Chad	(CFA Fr)	499.00	297.999	170.017	215.784
Chile	(Chilean Peso)	585.06	349.394	199.339	252.999
China	(Renminbi Yuan)	8.9484	5.3439	3.0488	3.8695
Colombia	(Col Peso)	1046.53	624.981	356.569	452.554
Comoros	(CFA Fr)	499.00	297.999	170.017	215.784
Congo (Brazz)	(CFA Fr)	499.00	297.999	170.017	215.784
Costa Rica	(Colon)	209.875	125.336	71.5076	90.7567
Côte d'Ivoire	(CFA Fr)	499.00	297.999	170.017	215.784
Cuba	(Cuban Peso)	1.3373	0.7986	0.4556	0.5782
Cyprus	(Cyprus £)	0.8050	0.4807	0.2742	0.3481
Czechoslovakia	(Koruna)	51.30c	30.636	17.4787	22.1837
		49.47t	29.5431	16.8561	21.3924
Denmark	(Danish Kroner)	11.3375	6.7706	3.8628	4.9027
Djibouti Rep	(Djib Fr)	297.00	177.366	101.193	128.432
Dominica	(E Carrib $)	4.5333	2.7072	1.5445	1.9603
Dominican Rep	(D Peso)	21.2058	12.6639	7.2251	9.17
Ecuador	(Sucre)	1731.34o	1033.94	589.894	748.688
		1892.81a	1130.37	644.91	818.512
Egypt	(Egyptian £)	5.5550	3.3174	1.8926	2.4021
El Salvador	(Colon)	13.4480	8.031	4.5819	5.8153
Equat'l Guinea	(CFA Fr)	499.00	297.999	170.017	215.784
Ethiopia	(Ethiopian Birr)	3.4514	2.0611	1.1759	1.4924
Falkland Is	(Falk £)	1.00	0.5971	0.3407	0.4324
Faroe Is	(Danish Kroner)	11.3375	6.7706	3.8628	4.9027
Fiji Is	(Fiji $)	2.5065	1.4968	0.854	1.0838
Finland	(Markka)	7.0750	4.2251	2.4105	3.0594
France	(Fr)	9.9800	5.9599	3.4003	4.3156
Fr. Cty/Africa	(CFA Fr)	499.00	297.999	170.017	215.784
Fr. Guiana	(Local Fr)	9.9800	5.9599	3.4003	4.3156
Fr. Pacific Is	(CFP Fr)	183.00	109.286	62.3509	79.1351
Gabon	(CFA Fr)	499.00	297.999	170.017	215.784
Gambia	(Dalasi)	15.0187	8.969	5.1171	6.4945
Germany	(D-Mark)	2.9350	1.7527	1	1.2691

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	619.75	370.11	211.158	268
Gibraltar	(Gib £)	1.00	0.5971	0.3407	0.4324
Greece	(Drachma)	322.27	192.457	109.802	139.36
Greenland	(Danish Kroner)	11.3375	6.7706	3.8628	4.9027
Grenada	(E Carr $)	4.5333	2.7072	1.5445	1.9603
Guadaloupe	(Local Fr)	9.9800	5.9599	3.4003	4.3156
Guam	(US $)	1.6745	1	0.5705	0.7241
Guatemala	(Quetzal)	8.2025	4.8984	2.7947	3.547
Guinea	(Fr)	1040.98a	621.666	354.678	450.154
		503.70n	300.806	171.618	217.816
Guinea-Bissau	(Peso)	1091.35	651.747	371.84	471.935
Guyana	(Guyanese $)	213.233	127.341	72.6517	92.2088
Haiti	(Gourde)	8.3950	5	2.8603	3.6302
Honduras	(Lempira)	9.4108	5.62	3.2064	4.0695
Hong Kong	(HK $)	13.1235	7.8372	4.4715	5.675
Hungary	(Forint)	128.5465	76.767	43.7977	55.5876
Iceland	(Icelandic Krona)	103.15	61.6004	35.1448	44.6054
India	(Indian Rupee)	42.70	25.5001	14.5485	18.4648
Indonesia	(Rupiah)	3296.745	1968.79	1123.25	1425.62
Iran	(Rial)	112.00	66.8856	38.1601	48.4324
Iraq	(Iraqi Dinar)	0.5936	0.3544	0.2022	0.2566
Irish Rep	(Punt)	1.0985	0.656	0.3742	0.475
Israel	(Shekel)	3.9400	2.3529	1.3424	1.7037
Italy	(Lira)	2192.00	1309.05	746.848	947.892
Jamaica	(Jamaican $)	16.7575	10.0074	5.7095	7.2464
Japan	(Yen)	231.25	138.101	78.7904	100
Jordan	(Jordanian Dinar)	1.1355	0.6781	0.3868	0.491
Kenya	(Kenya Shilling)	47.9690	28.6467	16.3437	20.7435
Kiribati	(Australian $)	2.1637	1.2921	0.7372	0.9356
Korea North	(Won)	1.6286	0.9725	0.5548	0.7042
Korea South	(Won)	1218.10	727.441	415.026	526.746
Kuwait	(Kuwaiti Dinar)	0.49075	0.293	0.1671	0.2121
Laos	(New Kip)	1175.30	701.881	400.443	508.238
Lebanon	(Lebanese £)	1497.10	894.058	510.085	647.395
Lesotho	(Maluti)	4.8270	2.8826	1.6446	2.0873
Liberia	(Liberian $)	1.6745	1	0.5705	0.7241
Libya	(Libyan Dinar)	0.4894	0.2922	0.1667	0.2116
Liechenstein	(Swiss Fr)	2.5650	1.5318	0.8739	1.1091
Luxembourg	(Lux Fr)	60.45	36.1003	20.5962	26.1405
Macao	(Pataca)	13.4174	8.0127	4.5715	5.8022
Madagascar	(MG Fr)	2232.62	1333.31	760.688	965.457
Madeira	(Port Escudo)	251.50	150.194	85.6899	108.757
Malawi	(Kwacha)	4.8070	2.8707	1.6378	2.0787
Malaysia	(Ringgit)	4.6817	2.7958	1.5951	2.0245
Maldive Is	(Rufiya)	16.8404	10.0569	5.7377	7.2823
Mali Rep	(CFA Fr)	499.00	297.999	170.017	215.784
Malta	(Maltese £)	0.5615	0.3353	0.1913	0.2428
Martinique	(Local Fr)	9.9800	5.9599	3.4003	4.3156
Mauritania	(Ouguiya)	139.6928	83.4235	47.5955	60.4076
Mauritius	(Maur Rupee)	27.15	16.2137	9.2504	11.7405
Mexico	(Mexican Peso)	5067.55a	3026.31	1726.59	2191.37
		5076.29d	3031.53	1729.57	2195.15
Miquelon	(Local Fr)	9.9800	5.9599	3.4003	4.3156
Monaco	(French Fr)	9.9800	5.9599	3.4003	4.3156
Mongolia	(Tugrik)	5.6339	3.3645	1.9195	2.4362
Montserrat	(E Carr $)	4.5333	2.7072	1.5445	1.9603
Morocco	(Dirham)	14.90	8.8981	5.0766	6.4432
Mozambique	(Metical)	2512.17	1500.25	855.935	1086.34
Namibia	(S A Rand)	4.8270	2.8826	1.6446	2.0873
Nauru Is	(Australian $)	2.1637	1.2921	0.7372	0.9356
Nepal	(Nepalese Rupee)	71.6933	42.8147	24.427	31.0025
Netherlands	(Guilder)	3.3075	1.9752	1.1269	1.4302
N'nd Antilles	(A/Guilder)	3.0054	1.7948	1.0239	1.2996
New Zealand	(NZ $)	2.9432	1.7576	1.0027	1.2727
Nicaragua	(Gold Cordoba)	8.3950	5.0134	2.8603	3.6302
Niger Rep	(CFA Fr)	499.00	297.999	170.017	215.784
Nigeria	(Naira)	18.7712	11.21	6.3956	8.1172
Norway	(Nor. Krone)	11.4325	6.8274	3.8952	4.9437
Oman	(Rial Omani)	0.6449	0.3851	0.2197	0.2788

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	40.00	23.8877	13.6286	17.2972
Panama	(Balboa)	1.6745	1	0.5705	0.7241
Papua New Guinea	(Kina)	1.6040	0.9578	0.5465	0.6936
Paraguay	(Guarani)	2218.54	1324.9	755.891	959.369
Peru	(New Sol)	1.3200	0.7882	0.4497	0.5708
Philippines	(Peso)	43.00	25.6793	14.6507	18.5945
Pitcairn Is	(£ Sterling)	1.00	0.5971	0.3407	0.4324
	(NZ $)	2.9432	1.7576	1.0027	1.2727
Poland	(Zloty)	19037.00	11368.8	6486.2	8232.22
Portugal	(Escudo)	251.50	150.194	85.6899	108.757
Puerto Rico	(US $)	1.6745	1	0.5705	0.7241
Qatar	(Riyal)	6.0970	3.641	2.0773	2.6365
Reunion Is. de la	(F Fr)	9.9800	5.9599	3.4003	4.3156
Romania	(Leu)	103.19	61.6243	35.1584	44.6227
Rwanda	(Fr)	208.45	124.485	71.0221	90.1405
St Christopher	(E Carr $)	4.5333	2.7072	1.5445	1.9603
St Helena	(£)	1.00	0.5971	0.3407	0.4324
St Lucia	(E Carr $)	4.5333	2.7072	1.5445	1.9603
St Pierre	(French Fr)	9.9800	5.9599	3.4003	4.3156
St Vincent	(E Carr $)	4.5333	2.7072	1.5445	1.9603
San Marino	(Italian Lira)	2192.00	1309.05	746.848	947.892
Sao Tome	(Dobra)	313.973	187.503	106.975	135.772
Saudi Arabia	(Riyal)	6.2820	3.7515	2.1403	2.7165
Senegal	(CFA Fr)	499.00	297.999	170.017	215.784
Seychelles	(Rupee)	9.2301	5.5121	3.1448	3.9913
Sierra Leone	(Leone)	467.30	279.068	159.216	202.076
Singapore	($)	2.9390	1.7551	1.0013	1.2709
Solomon Is	($)	4.6008	2.7475	1.5675	1.9895
Somali Rep	(Shilling)	4398.98	2627.04	1498.8	1902.26
South Africa	(Rand)	4.8270c	2.8826	1.6446	2.0873
		5.7760q	3.4493	1.9679	2.4977
Spain	(Peseta)	183.80	109.764	62.6235	79.481
Spanish Ports in N Africa	(Sp Peseta)	183.80	109.764	62.6235	79.481
Sri Lanka	(Rupee)	68.00	40.6091	23.1686	29.4054
Sudan Rep	(£)	7.5555o	4.512	2.5742	3.2672
		19.2246g	11.4808	6.5501	8.3133
Surinam	(Guilder)	2.9970	1.7897	1.0211	1.296
Swaziland	(Lilangeni)	4.8270	2.8826	1.6446	2.0873
Sweden	(Krona)	10.6300	6.3481	3.6218	4.5967
Switzerland	(Fr)	2.5650	1.5318	0.8739	1.1091
Syria	(£)	35.2590	21.0564	12.0132	15.2471
Taiwan	($)	45.25	27.0229	15.4173	19.5675
Tanzania	(Shilling)	384.0713	229.365	130.859	166.085
Thailand	(Baht)	41.50	24.7835	14.1396	17.9459
Togo Rep	(CFA Fr)	499.00	297.999	170.017	215.784
Tonga Is	(Pa Anga)	2.1637	1.2921	0.7372	0.9356
Trinidad/Tobago	($)	7.1358	4.2614	2.4312	3.0857
Tunisia	(Dinar)	1.6285	0.9725	0.5548	0.7042
Turkey	(Lira)	7371.25	4402.06	2511.5	3187.57
Turks & Caicos	(US $)	1.6745	1	0.5705	0.7241
Tuvalu	(Australian $)	2.1637	1.2921	0.7372	0.9356
Uganda	(New Shilling)	1354.2646	808.758	461.419	585.628
U A E	(Dirham)	6.1512	3.6734	2.0958	2.6599
United Kingdom	(£)	1.00	0.5971	0.3407	0.4324
United States	(US $)	1.6745	1	0.5705	0.7241
Uruguay	(Peso)	3420.66	2042.79	1165.47	1479.2
USSR	(Rouble)	1.0054o	0.6004	0.3425	0.4347
		3.0162c	1.8012	1.0276	1.3043
Vanuatu	(Vatu)	185.00	110.481	63.0323	80
Vatican	(Lira)	2192.00	1309.05	746.848	947.892
Venezuela	(Bolivar)	92.0915	54.9964	31.377	39.8233
Vietnam	(Dong)	14859.15	8873.78	5062.74	6425.58
Virgin Is-British	(US $)	1.6745	1	0.5705	0.7241
Virgin Is-US	(US $)	1.6745	1	0.5705	0.7241
Western Samoa	(Tala)	3.9834	2.3788	1.3572	1.7225
Yemen	(Rial)	20.2320	12.0824	6.8933	8.7489
Yemen PDR	(Dinar)	0.7740	0.4622	0.2637	0.3347
Yugoslavia	(Dinar)	38.2665	22.8524	13.0379	16.5476
Zaire Rep	(Zaire)	7566.00	4518.36	2577.85	3271.78
Zambia	(Kwacha)	112.1572	66.9795	38.2136	48.5004
Zimbabwe	($)	5.7086	3.4091	1.945	2.4685

Special Drawing Rights July 26, 1991 United Kingdom £0.791417 United States $1.33235 Germany D Mark 2.32575 Japan Yen184.397
European Currency Unit Rates July 29, 1991 United Kingdom £0.698845 United States $1.17476 Germany D Mark 2.05172 Japan Yen161.999

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday July 29, 1991.

LEGAL NOTICES

NO. 007932 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
MR REGISTRAR PIMM
IN THE MATTER of LEICA PUBLIC LIMITED COMPANY
and
IN THE MATTER OF THE COMPANIES ACT, 1985

NOTICE IS HEREBY GIVEN that by an Order dated the 17th July 1991 made in the above matters the Court has directed a Meeting to be convened of the holders of the Ordinary Shares of 5p each (other than the Connected Shares and the Excluded Shares, each as defined in the Scheme of Arrangement hereinafter mentioned) of the above-named Leica Public Limited Company (hereinafter called "the Company") for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of its said Shares (other than aforesaid) and that such Meeting will be held at 15 Coleman Street, London EC2 on Friday the 16th August 1991 at 10.00 o'clock in the fore-noon at which place and time all such Shareholders are requested to attend.

Any person entitled to attend the said Meeting can obtain copies of the said Scheme of Arrangement forms of Proxy and copies of the Statement required to be furnished pursuant to Section 426 of the above-mentioned Act at the offices of the Registrars of the Company Regis Registrars Limited, Balfour House, 390/398 High Road, Ilford, Essex IG1 1BR and at the offices of the undermentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday or a Sunday) prior to the day appointed for the said Meeting.

The said Shareholders may vote in person at the said Meeting or they may appoint another person whether a Member of the Company or not as their Proxy to attend and vote in their stead.

It is requested that forms appointing Proxies be lodged with the Registrars of the Copany Regis Registrars Limited, Balfour House, 390/398 High Road, Ilford, Essex IG1 1BR not less than 48 hours before the time appointed for the said Meeting but if forms are not so lodged they may be handed to the Chairman at the Meeting.

In the case of joint holders the vote of the senior who tenders a vote whether in person or by Proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.

By the Said Order the Court has appointed The Rt. Hon. Sir Geoffrey E. Pattie MP, or failing him, Raghuvir Bhawanishanker Kalberg, to act as Chairman of the said Meeting and has directed the Chairman to report the result thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

DATED this 29th day of July 1991

SLAUGHTER AND MAY (ref. JMDE)
of 35 Basinghall Street,
London EC2V 5DB Solicitors for the Company

NOTICE TO THE CREDITORS OF SELL TRADE FINANCE LIMITED (IN LIQUIDATION)

On the 15 July 1991 the company was placed in Creditors Voluntary Liquidation and AJP Drareton and GC Horsfield of Price Waterhouse, York House, York Street, Manchester M2 4WS have been appointed Joint Liquidators

The creditors of the company are requested to send details in writing of their claims against the company to the Joint Liquidators at the above address.

Claims need not be in any particular from but creditors wishing to claim VAT bad debt relief are requested to complete the form issued by the Joint Liquidators. The Joint Liquidators reserve their right to require a creditor to support his or her claim by affidavit.

AJP Drareton
Joint Liquidator

16 July 1991

COMPANY NOTICES

THE ROYAL BANK OF CANADA
U.S. $350,000,000 Floating Rate
Debentures due 2005

In accordance with the Terms and Conditions of the Debentures, the interest rate for the period 31st July, 1991 to 30th August, 1991 has been fixed at 6% per annum. On 30th August, 1991 interest of U.S. $5.00 per U.S. $1,000 nominal amount of the Debentures will be due for payment. The rate of interest for the period commencing 30th August, 1991 will be determined on 28th August, 1991.

Agent Bank and
Principal Paying Agent
ROYAL BANK OF CANADA EUROPE LIMITED

CLUBS

EVE has outlived others due to policy of fair play and value for money. Supper from 10-3.30 am. Glamorous hostesses, exciting cabaret. 189 Regent St, W1.071-734 0557

APPOINTMENTS

ASSET SWAPS/PRIVATE PLACEMENT TRADER

Leading international investment group requires individual, aged 25-30 and educated to MBA standard, with minimum 2 years' experience in the structuring and placement of illiquid packages, preferably gained in U.S. environment. In addition to thorough knowledge of swap markets, the incumbent must specifically have proven ability in tax driven and equity related transactions, European credits, an established portfolio of both issuer and investor contacts and strong computer literacy skills. Knowledge of Japanese and a European language in addition to English preferred. Salary negotiable.

Please write in strictest confidence, enclosing full cv to Box A1589, Financial Times, One Southwark Bridge, London SE1 9HL

Notice to Holders of

Federated Department Stores, Inc.

11% Notes Due 1990
10⅛% Notes Due 1995

Morgan Guaranty Trust Company of New York, as Trustee under the Indentures dated as of February 15, 1985 and July 9, 1985, pursuant to which the 11% Notes Due 1990 and the 10⅛% Notes Due 1995 (the "Euro Notes"), respectively, were issued by Federated Department Stores, Inc. (the "Company") provides the below notice and information to holders of the Euro Notes.

The Company, Allied Stores Corporation and certain of their subsidiaries filed with the below mentioned Court an Amended Joint Plan of Reorganization ("Plan") and a proposed disclosure statement (the "Disclosure Statement") for the Plan. The below Court Order and Notice contains additional information as to the Disclosure Statement and Hearing thereon, the timing of objections to the Disclosure Statement and the availability of the Disclosure Statement.

If you are a holder of either issue of Euro Notes and you have not previously identified yourself to the Trustee, you should do so immediately in order that you may directly receive future material relating to the Euro Notes and the bankruptcy proceedings. The Trustee may be contacted at the following address:

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, *as Trustee*

Corporate Trust Administration
60 Wall Street, New York, NY 10260
Attention: Mr. Patrick J. Crowley, *Vice President*
(212) 648-9001
(212) 837-5111

Federated Department Stores, Inc.

By: Morgan Guaranty Trust Company
OF NEW YORK, *as Trustee*

Dated: July 30, 1991

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF OHIO WESTERN DIVISION

In the matter of
FEDERATED DEPARTMENT STORES, INC.
and
ALLIED STORES CORPORATION, ET AL.,
Debtors.

Consolidated Case No. 1-90-00130
Chapter 11—Judge Aug
ORDER AND NOTICE OF HEARING *FOR APPROVAL OF DISCLOSURE* STATEMENT AND OF LAST DAY TO FILE OBJECTIONS THERETO

TO: CREDITORS, EQUITY SECURITY HOLDERS AND OTHER PARTIES IN INTEREST:

On July 1, 1991, the above-captioned debtors and debtors in possession, except Gold Circle, Inc. (collectively, "Debtors"), filed a proposed disclosure statement (the "Disclosure Statement") for the Amended Joint Plan of Reorganization of Federated Department Stores, Inc., Allied Stores Corporation and Certain of Their Subsidiaries (the "Plan").

IT IS HEREBY ORDERED, AND NOTICE IS HEREBY GIVEN, THAT:

1. The hearing to consider approval of the Disclosure Statement shall be held on September 11 and 12, 1991, at 10:00 a.m., in the United States Bankruptcy Court for the Southern District of Ohio, 735 United States Post Office Building, Fifth and Walnut Streets, Cincinnati, Ohio 45202;

2. August 27, 1991 is fixed as the last day for filing and serving objections to the Disclosure Statement. Objections to the Disclosure Statement must be in writing, made with specificity as to the alleged deficiency in the Disclosure Statement and served personally or by overnight courier on the following parties at the following addresses:

Debtors
Federated Department Stores, Inc.
Allied Stores Corporation
7 West Seventh Street
Cincinnati, Ohio 45202
Attn: Dennis J. Broderick

Counsel for Debtors
Jones, Day, Reavis & Pogue
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Attn: David G. Heiman

with a copy to:

Richard M. Cieri
Jones, Day, Reavis & Pogue
c/o Federated Department Stores, Inc.
Allied Stores Corporation
7 West Seventh Street
Cincinnati, Ohio 45202

Counsel for the Official Committee of Bondholders of Federated Department Stores, Inc.
Stroock & Stroock & Lavan
Seven Hanover Square
New York, New York 10004-2594
Attn: Lawrence M. Handlesman

Counsel for the Official Committee of Bondholders of Allied Stores Corporation
Coudert Brothers
200 Park Avenue
New York, New York 10166
Attn: Ellen R. Werther

Counsel for the Official Committee of Federated Pre-Merger Bondholders
LeBoeuf, Lamb, Leiby & MacRae
1000 Kearns Building
136 South Main Street
Salt Lake City, Utah 84101
Attn: Ralph R. Mabey

Counsel for Secured Creditors' Committee
Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153
Attn: Harvey R. Miller

Counsel for the Official Committee of Unsecured Creditors of the Federated Debtors
Winston & Strawn
35 West Wacker Drive
Chicago, Illinois 60601
Attn: Lewis S. Rosenbloom

Porter, Wright, Morris & Arthur
250 East Fifth Street
Suite 2200
Cincinnati, Ohio 45202
Attn: Stephen D. Strauss

Counsel for the Official Unsecured Creditors' Committee of Allied Stores Corporation
Siegel, Sommers & Schwartz
470 Park Avenue
New York, New York 10016
Attn: Lawrence C. Gottlieb

Cohen, Todd, Kite & Stanford
525 Vine Street
16th Floor
Cincinnati, Ohio 45202-3124
Attn: William T. Hayden

Counsel for Official Committee of Retired Nonunion Employees
Cahill Gordon & Reindel
80 Pine Street
New York, New York 10005
Attn: William B. Gannett

Counsel for Citibank, N.A. (Allied)
Shearman & Sterling
599 Lexington Avenue
New York, New York 10022
Attn: David L. Bleich

United States Trustee
245 U.S. Post Office Building
Fifth and Walnut Streets
Cincinnati, Ohio 45202
Attn: Charles M. Caldwell

with a copy to:

50 West Broad Street
Suite 325
Columbus, Ohio 43215
Attn: Conrad J. Morgenstern

Any objections not filed and served as set forth above shall be deemed waived.

3. Written requests for copies of the Disclosure Statement and Plan should be mailed to Debtors as follows: Queensgate Express, Fountain Square Plaza, Cincinnati, Ohio 45202. PARTIES IN INTEREST SHOULD NOTE THAT UPON THE COURT'S APPROVAL OF A DISCLOSURE STATEMENT AND THE SETTING OF A HEARING ON CONFIRMATION OF A PLAN OF REORGANIZATION, COPIES OF SUCH DISCLOSURE STATEMENT AND PLAN OF REORGANIZATION WILL BE MAILED TO ALL CREDITORS AND EQUITY SECURITY HOLDERS WITHOUT THE NEED FOR ANY WRITTEN REQUEST. ACCORDINGLY, A PARTY IN INTEREST NEED MAKE A WRITTEN REQUEST FOR A COPY OF THE DISCLOSURE STATEMENT AND PLAN ONLY IF SUCH PARTY WISHES TO REVIEW THE SAME PRIOR TO THE *COURT'S DETERMINATION OF THE ADEQUACY OF THE DISCLOSURE STATEMENT.*

4. The hearing to consider approval of the Disclosure Statement may be continued from time to time by the Court without futher notice. Additionally, the Disclosure Statement may be modified, without further notice, prior to or as a result of the hearing thereon. At or before the time of the hearing on the Disclosure Statement, the Debtors may also request that the Court set the date for the hearing on confirmation of the Plan, the last day for transmitting ballots accepting or rejecting the Plan, the last day for filing objections to the Plan, and that the Court approve the forms of ballots and notice to be used in connection therewith.

Dated: July 3, 1991

J. Vincent Aug, Jr.
U.S. Bankruptcy Judge

BARCLAYS HOME MORTGAGE RATE

Barclays Bank PLC announces that on and after 1st August 1991, Barclays Home Mortgage Rate will be reduced from 12.7% to

12.2%
per annum

BARCLAYS

Published by Barclays Bank PLC, Reg. No. 1026167. Registered in London, England. Reg. Office: 54 Lombard Street, London EC3P 3AH.

Ashtead declines 49% to £4m

By David Owen

ASHTEAD GROUP, the industrial plant hire company which recently raised £5.8m in a 1-for-4 rights issue, has reported a 49 per cent decline to £4.01m in annual profits, reflecting the depressed state of the UK construction sector.

This was achieved on turnover ahead 6.7 per cent to £31.4m (£29.4m). In the year to April 30 1990, pre-tax profits had risen strongly to £7.82m.

The group was cautious as to immediate prospects. Nevertheless, a final dividend of 3.025p (2.75p) was recommended for a total of 4.125p (3.75p), a 10 per cent increase.

Mr Peter Lewis, chairman, said that the group felt it had performed "relatively well" in the context of the overall sector and had gained market share through its aggressive selling approach.

"We have sustained the infrastructure of our business: there have been no profit centre closures and no massive redundancies," he said.

A-Plant, Ashtead's main subsidiary, continued to account for the bulk of both turnover and operating profit, generating £5.11m on sales of £26.7m.

Subspek, which hires survey and inspection equipment to the offshore oil industry, contributed £502,000 on turnover of £2.84m.

Meanwhile, Sunbelt, the US plant hire business, earned £300,000 on sales of £1.82m.

Group capital expenditure was cut to about £8.3m (£13.6m) and operating margins were 19 (30) per cent.

The group's interest bill rose quite steeply from £1.13m to £1.9m. Year-end gearing weighed in at 71 per cent – a figure which has since been cut to 45 per cent in the wake of the rights issue.

The company said that the issue proceeds would allow it to "make selective acquisitions" as opportunities arose in the recessionary environment.

There was an extraordinary charge of £101,000 reflecting the "ludicrously expensive" cost of joining the official list. Earnings per share tumbled to 14.4p (28.4p).

● COMMENT

It is hard to think of a more classic recovery play than a plant hire company with a sound balance sheet. And with worries relating to deferred considerations for acquisitions now apparently behind it (the shares touched 78p in February against 128p yesterday), the consensus view is that Ashtead falls into that category. The trouble is, the jury is still very much out on just when the construction sector will turn up. And with the rights issue all but eliminating the prospect of an earnings per share improvement in the current year, the general view is that would-be investors have no need to rush. Analysts' forecasts are all over the place, ranging from £4.6m at the top end to little more than half that from the least optimistic. This puts the shares on a prospective multiple of anything between 9.3 and 16.8.

Doctus into receivership after shares suspended

By Andrew Bolger

DOCTUS, the marketing, management and personnel consultancy, went into receivership yesterday, hours after its shares had been suspended at 15p, valuing the company at £7.4m. Last year they touched 138p.

The Royal Bank of Scotland appointed Cork Gully as receivers to the company, which last week reported a slump in pre-tax profits from £4.1m to £235,000 in the six months to June 30 and passed its dividend.

Mr Alan Greenough, chief executive since May, said demand fell away suddenly in January and February because of the Gulf War and recession.

The directors said they regretted they had not been given more time to complete proposed disposals. They had intended to sell the bulk of the company's personnel division, in addition to the main part of its marketing operation.

These sales would have significantly reduced, but not wiped out, debt of just over £30m, compared with year-end shareholders' funds of £13.2m.

Much of the group's problems date back to the £26m acquisition in June 1989 of Prospective, a marketing consultancy that had emerged from the Pineapple Group. It brought in a substantial amount of debt.

Smaller brewers combine to place £55m long bond issue

By Simon London and Philip Rawstorne

FOUR OF the UK's smaller brewery companies have clubbed together to make an innovative £55m long-dated bond issue, the proceeds of which will be used to repay bank debt.

The four brewers – Daniel Thwaites, Greene King, Morland & Co, Shepherd Neame – are issuing the bonds through a new joint venture company, Pubco. By making one substantial bond issue through a joint venture the brewers can borrow at a lower cost than by each making a small, illiquid private placement of bonds.

The 11¼ per cent bonds, maturing 2006, were placed with institutional investors such as insurance companies and pension funds. Proceeds will be used to replace short-term bank borrowings, leaving bank credit lines available when additional finance is required at short notice.

Shepherd Neame, the Kent brewer, will use its £10m share to replace the bank borrowings with which it has financed the acquisition of 54 pubs this year.

Mr Stuart Neame, vice-chairman, said: "We had been looking at the possibility of debentures ourselves. But by joining the other brewers in Pubco, we could get a better rate. We shall reduce the cost of our borrowings by 0.3 per cent."

Mr Simon Redman, chairman of Greene King, the East Anglian brewer, said its £15m would be used to reduce the group's £25m short-term debt. "Pubco appealed to us as a means of issuing debt into the market at a level which would command reasonable investor interest and a reasonable margin."

The bonds were priced to yield 1.4 per cent more than the UK government's 9 per cent bond maturing 2008 – the benchmark at this maturity. A small private placement by any of the brewers would have been priced at a yield spread of between 1.6 per cent and 2 per cent over the gilt.

Although the bonds are secured on the assets of the brewers, each company provides a guarantee for only its portion of the overall amount.

Kleinwort Benson, which structured the transaction, commented that the joint venture route could be used by companies in other sectors such as utilities or property companies.

In February, Kleinwort arranged a £55m bond issue through Trustco, a joint venture company formed by five investment trust companies.

T Robinson chief quits to allow rationalisation

By Richard Gourlay

Mr Graham Rudd, executive chairman of Thomas Robinson, is to leave the debt-laden engineering group, to allow rationalisation to be continued by a revamped board.

Mr Roy Barber, the non-executive chairman of Astra Holdings, the munitions company, will replace Mr Rudd on August 1.

Robinson warned yesterday that the group would make a material loss in the six months to June 30 and that it would not pay an interim dividend. The board did not foresee a return to profitable trading this financial year as order books remained low.

Mr Rudd said he no longer wanted to be involved with the cost-cutting and rationalisation necessary to turn round the capital goods engineering business. This is facing difficulties from lack of orders for wood-working equipment.

He denied there had been any pressure from institutions and said he was leaving at his own instigation to pursue private business interests.

Mr Barber said the board had decided he was better equipped to deal with the company in its difficult markets.

The capital goods division has slipped to " sizeable losses" in the current year from operating profits of £5.5m on sales of £56m at the peak in 1989, Mr Rudd said.

The group's debt rose to £64m earlier this year before the sale of a profitable electrical engineering company for about £26m to East Midlands Electricity in May.

Mr Michael Hall and Mr Tony Lomas will also resign as executive directors tomorrow. Mr John Binmore and Mr Rob Cunningham will remain executive directors and Mr Denys Povey will remain the non-executive director.

Mr Barber has a minimum one-year contract but hopes to appoint a new chief executive and become non-executive chairman.

Bankers press Hawthorn Leslie to sell electrical wholesale arm

By Andrew Bolger

HAWTHORN LESLIE, the loss-making mobile communications, consumer products, electrical and leasing company, has been obliged by its bankers sell its electrical wholesaling division for £22.8m to Otra, the Dutch electrical distributor.

The disposal is part of a complete restructuring of the USM-quoted group, which will leave it primarily with its cellular communications division, which the board said would be its core activity.

Hawthorn Leslie will also sell its consumer products division for £500,000 to Porter Chadburn, the consumer leisure products company.

The proceeds will reduce borrowings by the group, which blamed increased costs and interest charges for a loss of £11.2m last year, compared with pre-tax profits of £4.67m in 1989.

However, the company said it would still have substantial debt of more than £20m and did not intend to resume paying dividends in the foreseeable future. The board said in the light of these factors the company remained a risk investment. The shares closed unchanged at 4p, valuing the company at £7.6m.

The group's bankers, led by Svenska International, have agreed to extend new lending facilities, conditional on the sale of the electrical wholesaling division, which will have to be approved by shareholders.

Hawthorn Leslie's turnover last year rose 17 per cent to £162.9m and gross margins were broadly maintained. But operating expenses were £43m (£26m) and interest costs £5.9m (£3.23m).

In mobile communications, the group said the infrastructure had been expanded, but the economic climate meant the level of new connections failed to meet expectations and the level of disconnections was higher. The accounts, published this month, were qualified on a going concern basis by the auditors.

Merrydown Wine ahead 5% despite second-half fall

By Philip Rawstorne

MERRYDOWN Wine, the USM-quoted Sussex cider, wine and health foods group, has increased its pre-tax profit by 5 per cent, from £2.12m to £2.24m, in the year ended March 31.

The results reflected the deeper bite of recession in the second half, said Mr Roy Hooper, chairman. First half profits had been 14 per cent ahead.

"In the first four months of the current year, cider sales have been affected by the continuing recession, increases in excise duty and VAT, and not least by the poor weather," he added.

Turnover rose 12 per cent to £16.7m (£14.9m), with cider volumes substantially higher because of the hot summer and increased advertising.

Export sales of vintage ciders and natural foods increased by 78 per cent to £675,000. "This is still a very modest level when compared with home sales," Mr Hooper said. "But we do not underestimate the potential afforded by the single European market and growth opportunities in other parts of the world."

The group now exported to 25 countries and had been developing its distribution in continental Europe.

Earnings per share improved 11 per cent to 23.19p (20.82p). The final dividend is 6p, raising the total to 7p (6.22p). As last year, a one-for-eight scrip issue is being made.

Borrowings at the year end were £3.2m against shareholders' funds of £8.9m. Net interest charges of £293,000 (£217,000) for the year were covered 8.62 times by profits before interest and tax.

Net assets increased by £1.5m of which £434,000 was attributable to a revaluation of group properties.

Monarch Res in need of further refinancing

By Kenneth Gooding

Monarch Resources, the London-quoted company with gold operations in Venezuela, needs to be refinanced, said Mr Michael Beckett, the new chairman, after yesterday's annual meeting.

Various options were under consideration, he said.

Shareholders have put £29m into Monarch since it was floated in 1987. "It is a tragedy that so much money was wasted in the past," said Mr Beckett.

Monarch's new management decided to make a $35.55m charge against the 1990 results, which showed pre-tax losses of $6.3m (profits $365,000).

Final details of the refinancing would have to wait until September or October after Cyprus Gold of the US decided whether it would proceed with a potential joint venture with Monarch to develop a gold mine, he said.

Earlier Mr Beckett had told the meeting that production bottlenecks at the company's mill at El Callao had been eradicated and that in June gold production climbed to 80 kilos (2,572 troy ounces).

Heron raising about £150m by sale of 150 petrol stations

By David Owen

HERON International, the private property, housing and automotive group which is controlled by Mr Gerald Ronson, is seeking buyers for its existing 150-strong chain of petrol service stations.

It was thought that the sites might raise up to £150m. Heron was looking to phase the disposal – which was being handled by Morgan Stanley – over two to three years.

The company denied that the move signalled its withdrawal from petrol retailing, as it was developing new sites all the time, or signified that it was short of cash.

"If it was, we wouldn't be looking to phase the sale over a two-to-three-year period," said Mr Alan Goldman, deputy chief executive. "By the time that batch has gone, we will be operating about 100 sites."

The decision did appear to represent a change of tack however, since the 1990 annual report projected it would "own and operate over 250 sites by the end of 1993."

Gerald Ronson: sale represents a possible change of tack

Pre-tax profits for the year to March 31 1990 totalled £65.3m (£59m), achieved on sales of £842.9m (£739.5m).

Mr Goldman said yesterday that the lengthy handover period would facilitate the transfer of core operational management to new sites that were currently under development.

The company claimed to have attracted interest both from the majors and from "second-tier" oil industry companies.

Mr Ronson, chairman and chief executive, spent nearly half of Heron's last financial year in prison, having been convicted for his part in an illegal share support operation mounted by Guinness during its takeover battle for Distillers in 1986.

Last month, he failed to win a reduction in the record £5m fine imposed on him although the Court of Appeal did give him another 12 months in which to pay.

Speculation about Eurocom's Aegis stake after talks ended

By Alice Rawsthorn

EUROCOM, the French advertising group, yesterday ended months of heated negotiations by abandoning plans for a joint media buying venture with Aegis, the UK-based media company.

The end of the discussions about the joint venture has raised speculation concerning the future of Eurocom's 11 per cent stake in Aegis. Eurocom said it had not yet decided whether to retain the stake in the long term, adding that there was no urgency for it to take a decision.

Aegis said it had received no indication from Eurocom that it was considering selling all or part of its stake. Under the terms of a fragmentation agreement with Aegis, Eurocom is prevented from selling more than 3 per cent of its overall share capital in a calendar year.

Originally Eurocom, the biggest company in the French advertising market, had planned to pool responsibility for media buying throughout Europe with Carat, the Paris-based media buying network which is owned by Aegis.

Last autumn the French government imposed restrictions on the plans to combine their media buying in France. The two companies have since fallen out because of differences over strategy, according to Eurocom, which has now decided to call off the joint venture.

Aegis' shares rose by 7p to 189p yesterday in anticipation of the publication of its interim results this morning. Ms Lorna Tilbian, advertising analyst at Warburg Securities, forecast a fall in pre-tax profits from £34m to £30m in the first half.

● Aegis is to acquire Adverta, a privately-owned media planning and buying company in Paris, for a cost of between FFr28m (£2.8m) and FFr70m.

Bullough slides 38% as shops and offices reduce spending

By Richard Gourlay

BULLOUGH, the office furniture and engineering group, yesterday reported a 38 per cent fall in profits in the six months to end-April as capital expenditure virtually dried up in two of its key markets.

Pre-tax profits fell from £11.64m to £7.18m on sales down 9 per cent at £141.5m.

Earnings per share fell from 6.43p to 4p but the interim dividend of 1.75p is being maintained.

A forecast from Mr Derrick Battle, the chairman, that the company hopes to maintain its full-year dividend of 6.05p helped boost the share price by 12p to 110p.

Gearing fell from 28 per cent to 21 per cent as debt fell to £17.6m following strong cash generation in the period.

Operating profits in the office products division fell from £6.97m to £4.27m, although it remained the largest contributor in the group.

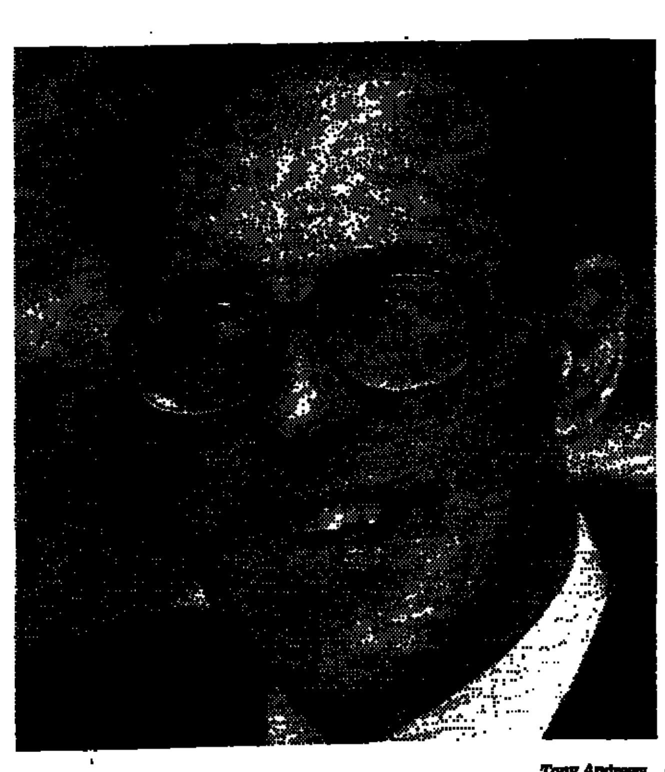
Mr Bob Steel, the managing director, said there was no sign of recovery in this market but that results should improve in the second half as more overheads were taken out.

Store fitting was hit by retailers cancelling capital expenditure budgets to refit shops, the Gulf war and the rise in the VAT rate. Divisional operating profits fell from £365,000 to a loss of £1.82m.

The refrigeration division continued to benefit from the growing practice of displaying food in cold units and transporting it in chilled vans.

Operating profits in this division rose from £2.07m to £2.12m on sales up 19 per cent at £34.67m.

Recent Rights issues announced by three supermarket chains demonstrated a key market was expanding and would continue to fuel growth for two to three years, Mr Steel said.



Tony Andrews

Derrick Battle: his forecast that the full-year dividend would be maintained at 6.05p helped boost the shares

● COMMENT

Until companies resume moving and re-furnishing their offices, the mainstay of Bullough's businesses through the booming 1980s will remain becalmed. Likewise until retailers, particularly in the DIY market, emerge from a self-imposed capital spending purdah, the store fitting division will remain a drain. But given the cost cutting and the control of working capital, Bullough remains one of the best recovery prospects in the engineering sector, especially if it trims non-core engineering and electrical businesses and frees up senior management time. New food legislation should reinforce the growth potential of the refrigeration business and margins are still relatively good albeit on lower volume at office products.

Full-year pre-tax profits forecasts of £17m, give earnings of 9.6p and a prospective multiple of 11.4 times. The company's optimism that it will maintain its full-year dividend is buoying the shares which are now supported by a healthy 7.9 per cent yield.

Construction recession blamed for 8% fall at Menvier-Swain

By Peter Franklin

THE RECESSION in the UK construction industry took its toll at Menvier-Swain, the USM-quoted emergency lighting and fire alarm manufacturer, leaving pre-tax profits for the year to end-April down by 8 per cent from £5.47m to £5.02m.

The market had been expecting the downturn, which had been forecast at the interim stage when profits were ahead 14 per cent, and the shares closed 20p up at 248p.

Group turnover was up by 18 per cent from £40.3m to £47.6m and at the operating level profits rose marginally from £5.76m to £5.93m. Net interest charges for the year surged from £555,000 to £917,000.

Mr Charles Swain, the chairman, said that over the course of the year stock levels had been reduced and net borrowings, which stood at £7m at the 1990 year end, had been cut by £1.8m to £5.2m.

Action had been taken in the year to control costs, he said, and this, coupled with the disposal of its loss-making US subsidiary and some other non-core activities, had resulted in extraordinary losses of £1.7m.

Some 40 per cent of the group's turnover was generated in continental Europe and, in line with the company's strategy of continued expansion there, two acquisitions were made in Denmark. These have now been consolidated into one company.

Since the year-end a further small acquisition had been made in Greece.

Mr Swain added that the UK economy remained in an uncertain state, with any significant recovery in the UK marketplace for the group's products unlikely to occur in 1991.

However, the action taken during the past year, coupled with continued growth in mainland Europe, enabled the board to recommend an increase in the final dividend in expectation of improved results in the current year.

The proposed final dividend is 5.1p (4.7p) and makes a total for the year of 7.3p (6.8p). The dividend is covered three times by earnings per share of 23.6p (26.9p).

Third Mile loss after asset provisions

Third Mile Investment, an investment holding company, announced a loss per share of 83.4p for 1990, against earnings of 12.8p, after £1.54m of exceptional provisions against losses on its fixed asset investments.

Shares in the group were suspended in March, pending a financial reconstruction which would involve a rights issue. In March, the company also said that a group of investors led by Lord Romsey, a director of Crown Communications, the media group, were planning to inject cash and a portfolio of leisure interests.

The company said yesterday that negotiations had continued it although did not state whether the original investor group was still involved. An extraordinary debit of £49,000 reflected costs incurred in "unsuccessful negotiations with a number of parties for the expansion of the group".

The pre-tax loss was £2.74m (£389,000 profit) and the dividend was passed (3.25p). The results were prepared on a going concern basis.

DIVIDENDS ANNOUNCED

Arlen	fin	nil	-	3.3	0.5	3.3
Ashtead	fin	3.025†	Oct 9	2.75	4.125	3.75
Budgens	fin	nil	-	3	nil	5
Bullough	int	1.75†	Sept 18	1.75	-	6.05
Dyson (J&J)	fin	3	Oct 1	3	5	5
European Assets	int	0.08‡	Sept 23	0.04	-	0.19
Greggs	int	4.75	Oct 11	4.5	-	13.5
Malvern UK Index	int	1.25☆	Sept 18	-	-	-
Menvier-Swain §	fin	5.1	Oct 1	4.7	7.3	6.8
Merrydown Wine §	fin	6	Oct 3	5.33*	7	6.22*
Sphere Inv	int	0.9375	Aug 30	0.9375	-	3.87
Third Mile Inv	fin	nil	-	2.05	nil	3.35
TR Smaller Cos	fin	2.2	Sept 27	1.9	3.7	3.4

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Makes 2.5p to date in 15-month period. ‡Dutch currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends.

TODAY

Interims- Aegis Group.

Finals- Fleming Enterprise Inv. Trust, Harland Simon, Jersey Phoenix Trust, Victoria Carpet, YRM.

FUTURE DATES

Interims-

BBA	Aug. 5
BICC	Aug. 21
Brabant Resources	Aug. 7
Bredero Properties	Aug. 28
CIA	Aug. 1
Conroy Petroleum	Aug. 7
Expamet Intl.	Aug. 13
Fairway (London)	Aug. 2
Forwell	Aug. 13
Great Southern	Sep. 12
Renown	Aug. 8
Royal Dutch Petroleum	Aug. 12
Rugby	Sep. 16
Shell Trans. & Trading	Aug. 12
Sumit	Aug. 5
Thornton Pan-European	Aug. 8
Whitegate Leisure	Aug. 6
Wickes	Aug. 7

Finals-

Abacs	
Barlow Rand	Sep. 27
Beales Hunter	Nov. 11
Benchmark	Aug. 7
Border Television	Aug. 14
Unitech	Aug. 1
Unit	July 31
West Trust	Aug. 2
	Aug. 9

UK COMPANY NEWS

Trade winds up across the Atlantic

SKB is becoming more British, write **Daniel Green** and **Nikki Tait**

IS SMITHKLINE Beecham, the world's sixth biggest prescription drug company, worth £9bn or £11bn? UK investors and some New York arbitrageurs are betting a lot of money on the higher figure.

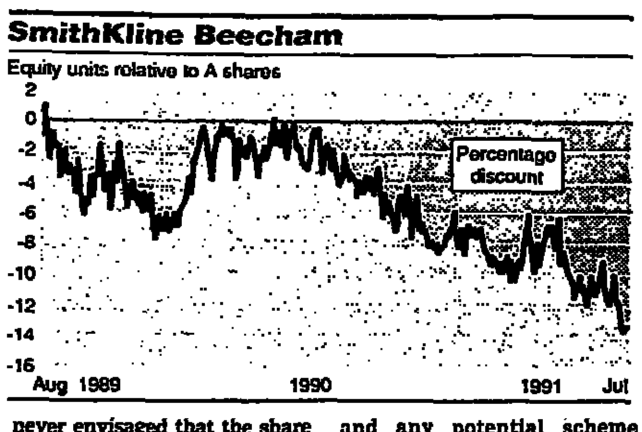
This was not what the creators of SKB had planned two years ago when SmithKline Beckman of the US and Beecham of the UK became one. They were just concerned to make sure the marriage went smoothly, and since the new company was British they kept the shareholders of the US parent sweet by inventing a new kind of share – the Equity Unit – which avoided the UK withholding tax on dividends.

But now London brokers say that US funds are so reluctant to keep the Equity Units that their stock market rating in New York has fallen to no more than the market average. The result is that SKB is becoming more British. Two years ago, 49 per cent of the company was in US hands. Now it is down to 40 per cent and the drift is continuing.

The US share price represents a market capitalisation of £9.3bn, the UK £10.9bn. The historic price/earnings ratio, under UK accounting rules, has dropped to 15 on current exchange rates, even less if calculated on the year-end rate, when the dividend was paid. This is only just over half that of the normally go-go health and household sector. So, while the A shares in London are at a p/e of 21, UK funds have leapt at the chance to buy cut-price stock.

In the US, SKB acknowledges that when the initial capital structure was set up, it never envisaged that the share prices would drift so far apart, although it did contemplate some modest discrepancy.

SmithKline Beecham



The company concedes that it would prefer that the share price difference did not exist, and that "a continual review" of the situation takes place. In principle the distinction between the two types of share can be eliminated from this week, two years after the merger on July 27 1989. "The possibility technically exists but we have no intention of doing it," says SKB in London.

That said, it freely admits that the "sole reason" for the current structure is tax-related. The Equity Units comprise five B shares and one preferred share. The former, effectively identical with the A shares, have the voting rights and the latter effectively allows dollar dividends to be paid without incurring a 15 per cent withholding tax liability.

"An exhaustive look at the tax issue" occurred when the merger was being negotiated, and any potential scheme aimed at correcting the problem runs into the same obstacle – namely, tax laws.

Not surprisingly, the company blames much of the problem on the fact that the A shares are included in the FT-SE 100 Index in London, but are excluded from Standard & Poor's 500 in New York. SKB lobbied hard at the merger for the shares to be included in the 500 but has now all but given up hope for a change.

Blaming index funds gets support from some analysts. "They deserve to trade at a discount," claims Mr Jonathan Gelles at Wertheim Schroder in New York, arguing that the index factor plus the greater supply of drug company investment opportunities in the US explains the price discrepancy. Others are simply baffled. "I've kinda given up trying to understand," says Mr Stuart Levine at Gruntal, a New York broker.

Mr Martin Hall, analyst at UBS Phillips & Drew in London, says that one reason for a discount is that US accounting takes 3p a year off earnings per share. Under those rules, goodwill has to be written off and amortised over 40 years.

Analysts also argue that memories of the dismal performance of SmithKline Beckman's shares during the 1980s put off US investors. SmithKline Beckman shares rose in line with the rest of the US market for most of the 1980s, but they underperformed their sector. Shares in Merck, now the world's biggest drug company, grew more than three times as quickly during the last decade.

Whether the price difference is justified or not, most analysts agree that it makes for arbitrage opportunities and are convinced that the whole situation niggles management.

What may be irksome is that, while a US investor has little reason to buy anything but the Equity Units, it may also be sensible for UK fund managers to do likewise. The Units are, after all, cheaper and, depending on the status of the funds under management, there may be no tax penalty.

The company is sanguine on the transatlantic leak of shares for the moment. "We feel quite comfortable, but if it [the US share] got much lower, then there'd be cause for concern."

One solution may be to beef up the US side of investor relations. So far, the company has concentrated on trying to increase the number of New York analysts who follow the stock. It must hope that the company's interim results tomorrow give New York researchers something to get excited about.

Glaxo wins early victory in SmithKline patent battle

By Daniel Green

GLAXO won an early victory yesterday against SmithKline Beecham in a patent dispute between the two drug companies.

The US Patent and Trademark Office made a preliminary determination that Glaxo was the first to invent the use of ondansetron, sold under the trade name Zofran, in the treatment of nausea.

A final ruling is up to two years away.

SmithKline, which has also started US federal court litigation against Glaxo over ondansetron, played down the significance of the news.

"The development . . . is merely procedural and will not determine the substance or the final resolution of the case," said SmithKline.

Glaxo acknowledged that its was "still early days" in the case.

Zofran was launched in March 1990 and Glaxo said yesterday that sales for the year to June 1991 were worth £70m. Analysts forecast sales of more than £250m a year by 1996.

Royalty payments are typically 10 per cent of sales.

On the London stock market yesterday, Glaxo shares rose 11p while SmithKline "A" fell 9p.

The dispute is over Zofran's use in nausea and vomiting, particularly as side-effects from cancer chemotherapy.

It is unrelated to recent evidence that the same chemical can improve memory in the elderly and be used in the treatment of addiction.

SmithKline filed its patent action on April 30 1991, but the conflict between the two companies stems from dates of discovery in 1985 that a class of drugs (5-HT3 antagonists) reduced nausea.

The dispute turns on whether medical claims for a class of drugs, or those for a specific chemical, should determine the ownership of the patent.

Start-up costs restrict Malvern

Malvern UK Index Trust, the investment trust created last year out of the ashes of Globe, underperformed the index it was designed to track in the first six months of 1991, writes Philip Coggan.

Net asset value rose by 11.6 per cent to 105.58p in the six months to June 30, compared with a rise of 12.5 per cent in the FT-A All-Share Index. Since September 30 1990 the asset value has risen by 19.8 per cent, against a rise in the All-Share of 20.7 per cent.

Mr David Davidson of Edinburgh Fund Managers, which manages the fund, said that start-up costs had caused the fund to underperform.

Net profit for the six months to the end of June was £896,000 for earnings per share of 1.85p. The board has declared a second interim dividend of 1.25p.

NEWS DIGEST

£1m decline cuts Dyson to £1.43m

ALL OPERATING divisions of J&J Dyson showed a downturn, resulting in group pre-tax profit falling from £2.5m to £1.43m in the year ended March 31.

Turnover slipped from £50.78m to £49.23m. Earnings per share declined 45 per cent to 7.4p (13.41p), but the dividend is held at 5p with a proposed final of 3p.

Profit of the refractories division fell to £1.05m (£1.61m); motor vehicles and trailers to £76,000 (£153,000); and builders merchanting to £84,000 (£199,000). There were no mineral royalties (£426,000) following disposal of the remaining Scottish interests.

The extraordinary profit topped £1.5m (£1m), and included £1.84m profit on the sale of fixed assets and costs of £332,000 to cover works closure and redundancy costs.

Exceptional charge pulls down Arlen

An exceptional charge has pulled down profit at Arlen from £511,000 to £120,000 in the year ended March 31 1991, and the final dividend is omitted.

Turnover rose some 47 per cent to £30.2m (£20.6m). The exceptional came to £344,000 and covered the cost of the external management consultants' investigation into production methods, and related reorganisation costs.

Earnings per share were 0.7p (2p) before the charge, but that turned into a loss of 0.6p thereafter. The interim dividend of 0.5p compares with a 3.3p total.

Mr Maurice Dwek, chairman, said the acquisition of Highland Electronics and the technology division of Norbain Electronics had established a strong third leg to the group's activities, alongside the core businesses of manufacturing and distributing electrical accessories and light engineering.

New Indonesian arm for Royal Insurance

Royal Insurance, one of the UK's leading composite insurers, has announced the establishment of a new subsidiary in Indonesia.

Its existing subsidiary, Asuransi Royal Indrapura, will be merged with Asuransi Indrapura. Royal will own 29 per cent of the new company, PT Asuransi Royal Indrapura, which is to be capitalised at Rp15bn (£4.7m), and 51 per cent is owned by the family of Mr George Tahija, which owns the country's third largest private bank.

Dowa Insurance and Nissan Insurance of Japan – with which Royal already has co-operation agreements – will each own 10 per cent.

Throgmorton scores £9.6m midway

The six months to May 31 at Throgmorton Trust were affected by substantial change. During the period the sale of a further 26 per cent of Framlington Holdings reduced its relationship to that of an associate. In addition most of the joint venture agreements with Cussins Property Group were terminated.

The consolidated result for the period shows gross income of £9.63m. Share of related companies profits added £387,000 and interest payable took £5.69m. After tax of £965,000 and minority interest of £36,000 net revenue from ordinary activities came to £3.59m.

The interim dividend is again 0.9p and comes from earnings of 1.27p. Basic net asset value per share was 65p.

Recession slices Greggs to £2.24m

Greggs, the manufacturer and retailer of bread, confectionery and savoury products, saw its interim pre-tax profit fall from £2.54m to £2.24m in spite of an 11 per cent increase in sales.

Mr Ian Gregg, chairman, said the recession had taken its effect, while the Enfield division had suffered from the short-term costs of integrating the Hibberds shops acquired from the receiver. Also interest received was lower.

Turnover in the 24 weeks to June 15 was £43.4m (£38.9m). Earnings per share came to 13.4p (14.7p) and the interim dividend is raised to 4.75p (4.5p).

TR Smaller Cos asset recovery

The second half has seen a good recovery for TR Smaller Companies Investment Trust, and its net asset value was 150.2p at May 31 1991.

That compared with 122.6p six months earlier and with 161.4p at May 31 1990.

Some 67 per cent of the portfolio was in the UK, 19 per cent of which was in companies where the trust had a declarable interest.

The rest of the portfolio was divided as follows: the US 21 per cent; Japan 10 per cent; and others 2 per cent.

Total income in the year rose to £14.5m (£13.4m). Earnings per share were up to 4.32p (3.71p) and the final dividend is a proposed 2.2p to make 3.7p (3.4p).

The directors feel that 1991 will be the year of dividend disappointments, which could adversely affect revenue.

Sphere Investment assets growth

By the end of June 1991, the net asset value of income shares at Sphere Investment Trust had shown some recovery.

It stood at 29.3p, compared with 19.3p at end-December and with 38.1p a year earlier.

For the zero dividend shares, growth continued – the June value of 62.7p comparing with 58.9p in December and with 55.4p the previous June.

The trust particularly benefited from exposure to dollar assets and from being more fully invested throughout the period.

In the six months total revenue improved to £4.04m (£3.91m) and earnings per share to 2.01p (1.89p). The second quarterly dividend is 0.9375p to make 1.875p (same) to date.

Albert Fisher in £13m acquisition

Albert Fisher is taking a further step in developing the fish operations of its European division with the acquisition of Peter Vassallo at a maximum cost of £13m.

Vassallo is a specialist supplier of controlled atmosphere packaged fish products to leading supermarkets in the UK, and operates from Newcastle-upon-Tyne. Its pre-tax profits for the 10 months ended May 31 were £1.14m on turnover of £20.8m.

The initial consideration is £8m to be satisfied by £5.44m cash and the issue of 2.23m ordinary shares, which the vendors will retain for at least two years. The deferred £5m is profit-related.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool selling price £/MWh
0030	15.68	15.95	15.95
0100	15.61	15.95	15.95
0130	15.51	15.95	15.95
0200	15.51	15.95	15.95
0230	15.51	15.95	15.95
0300	15.51	15.95	15.95
0330	15.51	15.95	15.95
0400	15.51	15.95	15.95
0430	15.51	15.95	15.95
0500	15.51	15.95	15.95
0530	15.49	15.82	15.82
0600	15.51	15.82	15.82
0630	15.68	16.73	16.13
0700	20.12	16.20	16.20
0730	20.12	18.49	20.53
0800	17.37	20.75	22.92
0830	18.07	21.31	23.64
0900	18.07	21.74	24.06
0930	23.92	27.37	29.85
1000	24.21	27.34	29.75
1030	23.61	27.17	29.54
1100	22.71	27.25	29.66
1130	20.28	22.47	24.63
1200	23.61	23.27	25.91
1230	23.61	23.22	25.80
1300	20.28	22.68	25.15
1330	18.21	21.62	23.83
1400	20.28	21.63	21.63
1430	20.28	21.18	23.29
1500	20.28	21.47	21.47
1530	18.21	21.48	21.48
1600	21.18	21.77	21.77
1630	21.18	21.80	24.12
1700	21.18	21.88	24.25
1730	21.18	21.61	23.86
1800	18.21	21.04	23.16
1830	18.21	20.65	22.63
1900	18.04	19.24	21.29
1930	17.37	18.79	20.83
2000	17.37	18.57	20.62
2030	17.37	18.55	20.59
2100	17.37	19.83	21.92
2130	17.37	20.00	22.03
2200	17.37	20.00	22.02
2230	17.37	20.00	22.02
2300	17.37	20.00	22.02
2330	17.37	18.48	20.82
2400	17.37	16.13	16.13

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg [illegible] becomes 1.[illegible]p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. [illegible]

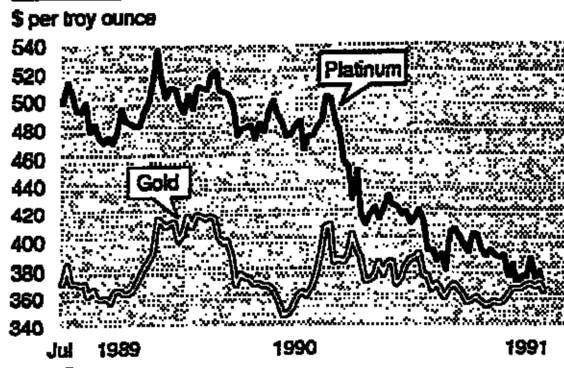
SA defies weak price of platinum

Philip Gawith on why producers are maintaining expansion plans

SOUTH AFRICAN platinum producers – the world's largest – are ascribing the weak platinum price, which fell last week to a five-year low of $363.60 (£216.36) a troy ounce, to the silly season. They say that they have no plans to cut back on expansion, in spite of lingering perceptions of oversupply.

Platinum and Gold prices

$ per troy ounce



Source: Datastream

Last week's drop in the price coincided with the announcement of the financing details of the Platreef project, a development by Rustenburg Platinum, the world's largest producer, in the Northern Transvaal. When the project was first announced last September, the market reacted similarly, with the price dropping to a four-year low of $430 a troy ounce.

Why the market should have behaved in this way is a mystery, since the project had been public knowledge for ten months and it was known at least two months ago that it would be open-cast. Mr Michael McMahon, managing director of Impala Platinum, the world's second largest producer, remarked: "The market is overreacting to old news. It has all the elements of the type of irrational panic you see in the stock-market. It is not affecting one jot our current operational plans."

The South African industry says that the only change in the platinum market which might provide a logical explanation for movement in the price is a recent substantial increase in exports by the Soviet Union, the world's second-largest platinum producer.

Analysts say the market could not possibly absorb all the platinum reportedly exported by the Soviet Union to Japan and Switzerland in the first four months of this year. They suggest that the Soviet's have been using the metal for "swaps." Under these arrangements, the Soviet Union collects hard currency by selling metal but pledges to buy it back at an agreed price at some future date.

Mr Barry Davison, managing director of Rusplats, says he believes the present platinum price is the function of the depressed world economy. He says he doesn't expect that any commodity prices will be rising until there is firm evidence of a full-scale recovery in the world economy. He said that even if a situation was reached in which cutbacks in production were required, the group would go ahead with its expansion plans "because they are moving our group significantly down the cost curve, enhancing our competitiveness."

Mr Terence Wilkinson, who runs Lonhro's South African operations, said he was not prepared to comment on whether the weak price would see Lonhro curtail its expansion plans. Platinum's price was also bruised in May when Nissan, second-largest of the Japanese car makers, said it expected to use palladium, which is cheaper than platinum, in the catalysts used for cleaning car exhaust emissions. Automotive catalysts provide platinum with its biggest market.

Lonrho's Mr Wilkinson said he was unconvinced that the technology existed for palladium catalysts to meet the same specifications as platinum and rhodium based ones.

Mr Dave Russell, mining analyst at stockbrokers Irish & Menell Rosenberg, whose bullish report on the prospects for palladium-based catalysts has caused something of a stir in Johannesburg, disagrees. His report makes two main points: firstly, that recent US government research shows that research into platinum group metal loadings in autocatalysts is concentrating on reducing or eliminating the use of platinum or rhodium in order to minimise the country's strategic dependence on South Africa.

Secondly, he disputes Johnson Matthey's assessment that palladium catalysts will only be fitted to small cars and will be limited to Japan. He says the US government has shown that stringent Californian emission standards can be met by using a rare earth supported palladium rich autocatalyst on a car with a 3.6 litre engine.

Mr Russell concludes that developments in catalyst technology have precipitated a shift in power from producers to consumers – the big motor manufacturers – which is evident in the weaker price. He argues that prices are falling back to levels reflecting what people who use the metal actually need, rather than being investment or jewellery driven. He notes that the palladium:platinum price ratio now reflects the fact that 3.5 times as much palladium is required, compared with platinum, to do the same work.

If this analysis is sound, then ironically the last mine to suffer will be Platreef's. Mr Russell calculates that the percentage of total revenues coming from palladium at this mine will, at 10 per cent, be approximately double those at Merensky and UG2, the other platinum reefs in South Africa. The most vulnerable producers will be those mines most dependent on rhodium revenues. These are the UG2 producers, which include Impala and mines in the Lonhro stable.

Platreefs also stands to benefit from any rise in base metals prices. The nickel and copper head grades for the first nine years of the project are 0.27 per cent and 0.14 per cent; well above those on both the Merensky and UG2 reefs.

Some analysts go so far as to describe Platreefs as a base-metals producer with platinum group metals as by-products. The outlook here is good as the go-ahead for the R3bn Columbus stainless steel project is now thought to be imminent and that will certainly provide a major market for nickel producers.

Western Mining wins seven-day concession

By Kenneth Gooding

ONE BIG obstacle in the path of an A$300m (£138m) expansion of Western Mining Corporation's nickel operations has been removed by the Western Australian Industrial Relations Commission, which has ruled that the group's Kambalda mines can switch to seven-day working.

Western, already the third-largest nickel producer outside the former eastern bloc countries, had argued that continuous working – as against the present five-day working with the option for a sixth day – was necessary to make the expansion viable.

The commission also increased the working week from 37½ hours to 40 hours without ordering Western to pay any penalty. It is believed to be the first time in 40 years that such a ruling has been made in Australia. Unions at Kimbalda wanted an extra $40 for employees working on Sunday.

Mr Stan Carter, Western's general manager, corporate industrial relations, said that round-the-clock working would begin at Kimbalda in two weeks' time. The company would renegotiate contracts to compensate for Sunday working.

Western aims to raise its annual output of nickel from about 53,000 tonnes to 65,000 tonnes in two years. First it is seeking concessions from the Western Australian state Energy Commission about fuel charges for its refinery at Kwinana. It also seeks a reduction in rail charges and is asking the state government to reconsider the environmental standards proposed for Western's Kalgoorlie smelter.

Market operators squeezing copper price, report says

By Kenneth Gooding, Mining Correspondent

INFLUENTIAL MARKET operators have been able to maintain a squeeze on London Metal Exchange copper supplies and thus to keep prices artificially high, Carr Kitcat & Aitken, part of the Banque Indosuez Group, suggests in a special report on the metal.

Mr Robin Bhar, the author, points to Sumitomo Metal Mining as "a notable operator on the LME this year." The Japanese group has been purchasing substantial quantities of copper to meet its customers' requirements, "although some traders would argue that it (Sumitomo) was manipulating the market.

"Furthermore, it has been argued that despite the substantial rise in LME stocks, a large percentage of metal in LME warehouses is either tightly held by merchants (including Sumitomo) or has been lent to the market and is destined for consumers at some later date."

Sumitomo Corporation said last night that it was not the policy of Japanese trading houses to manipulate markets or to speculate on price movements.

However, it said that "we run a large physical copper business and this inevitably on occasion gives rise to large LME hedging activity which may affect the price in the terminal market".

Sumitomo said that it had a policy of guaranteeing delivery of physical metal on time anywhere in the world and it therefore had a risk to cover on the LME. "But we do not do any LME business without physical business behind it. We use the LME as a tool, not to gamble. Our priority is always physical trading, not LME speculation."

Copper is the LME's flagship contract, with 39.3m tonnes traded in the first quarter of this year.

The contract offers good liquidity and arbitrage opportunities, Mr Bhar points out. That resulted in increased speculative activity in the copper market in recent years and technical squeezes have become more common.

The finely balanced situation in the copper market created an environment in which squeezes could be attempted with some success. "But their future occurrence is likely to be on the wane as the physical market moves into significant surplus and stocks build up on the LME," he adds.

In addition, the LME's decision to make it obligatory for traders to report to the exchange daily any futures and options positions held in their own or named clients' accounts that exceed 20,000 tonnes of copper "should help to limit the level of speculative activity," as also should the exchange's policy of extending its network of registered warehouses.

Mr Bhar says LME stocks can be expected to rise steadily during the coming months because of substantial producer forward selling in anticipation of lower prices. Another influential factor to be taken into account is higher net exports from the former eastern bloc countries.

Copper prices are likely to fall decisively below the important $1 a lb level, towards a range of 85 cents to 90 cents by the end of the year. That would give an average copper price of $1 a lb for this year, down from $1.21 in 1990.

In 1992, the surplus of copper supply over demand is forecast by Mr Bhar to fall from 150,000 tonnes to 70,000 tonnes, helping prices recover to an average of $1.05 for 1992.

Talks possible at strike vote mine

THE CHILE Copper Corporation (Codelco) did not rule out talks with miners at its El Teniente mine, who were yesterday voting on whether to strike, although there was no change in last week's offer, a company official said last night.

The result of the vote at El Teniente, the world's second biggest copper mine, on Codelco's pay offer and on whether to take strike action in support of a pay claim, was expected to be announced at about 3am GMT this morning.

Union leaders said on Sunday that there was overwhelming support for a strike, but that they expected Codelco to call last minute talks on Tuesday to avert a stoppage.

The Codelco official said that there were no firm plans yet, but the company would probably be in contact with unions after the result of the strike vote was known.

Codelco last Monday offered a 2 per cent share in mine profits, a $500-a-man no-strike bonus, and improved social benefits, but no real wage rises (after allowing for inflation). Unions have insisted on real pay increases. If the ballot approves a strike, work will stop on Thursday.

El Teniente produced 300,000 tonnes of refined copper last year.

Australian wool trade cautiously optimistic

THE AUSTRALIAN wool trade is cautiously optimistic about prices and demand at the 1991-92 wool season's first sales on Tuesday, Reuters writes from Sydney.

The Australian Council of Wool Exporters said cautious trading was likely to mark the opening sales, at which about 126,000 bales will be offered.

"But good, consistent demand is expected when the market settles down," the council said in a commentary.

"The lower Australian wool prices appear to have stimulated the industry," it said. The market indicator ended the 1990-91 season at 570 cents a kilogram clean. At 570 cents, the indicator was 19 per cent below the scrapped reserve price of 700 cents.

The Australian Wool Corp has updated the market indicator for the 1991-92 season.

The new indicator is based on 165 wool types, instead of the former 143.

The Wool Corp estimates that the new market indicator is 1.047 times the old indicator. That means that at the close of the 1990-91 season it stood at 597 cents, rather than the 570 cents by the old measurement.

The Australian Bureau of Agricultural and Resource Economics has forecast that the market indicator will fall to about 475 cents a kilogran in 1991-92.

The exporters' council said that the strength of this week's market will depend significantly on Japan, as many big western European mills are operating on holiday schedules.

Alba boasts record output

ALUMINIUM BAHRAIN (Alba) produced a record 212,505 tonnes of aluminum in 1990, 26,110 more than the previous year and well above the year's target, according to the Bahrain Monetary Agency, reports Reuters from Manama.

It said 103,805 tonnes of aluminium went to Bahrain's local market in 1990. That repesents an increase of fully 20,882 tonnes upon the previous year's 82,923 tonnes.

Total raw materials imports for the smelter rose to 604,492 tonnes in 1990 from 440,443 tonnes a year ago.

Alba is 77 per cent owned by Bahrain and 20 per cent by the Saudi Arabian public investment company. Breton, a German investment group, holds the remaining 3 per cent.

Alba has embarked on a $1.4bn expansion programme to more than double its annual capacity to 460,000 tonnes.

CORRECTION

Charbonnages de France

A report on the Quintette coal mine in the FT on July 12 referred to a British Colombia court order concerning a guarantee made by Charbonnages de France International. That order removed a legal impediment on the lenders seeking to enforce the guarantee but did not itself enforce the guarantee as reported.

Charbonnages is appealing that order and contends that in any event the guarantee is subject to conditions which have not been met.

Government urged to tackle carcass threat

By Our Agriculture Staff

THE BRITISH government has been urged to subsidise the rendering industry to prevent the environmental risk of thousands of dead farm animals being abandoned or buried in the countryside.

The cross-party parliamentary committee on agriculture says that such a subsidy, "on a back of envelope" calculation, need cost no more than £6m a year. Such a sum could prevent the "potentially terminal collapse" of the economic system involving the destruction and re-use of animal carcasses.

The committee's enquiry into the disposal of fallen livestock has been prompted by the growing habit among farmers of abandoning dead livestock on roadsides or burying them on farm land.

The committee says that long-standing arrangements, involving farmers selling to knackers and animal waste being processed by renderers into meat or bonemeal products, have all but broken down during the last year.

Rather than, as before, being paid for their carcasses, farmers are being charged to have them taken away and are preferring to bury or abandon them. The committee lists three reasons for the breakdown: the world-wide collapse in the markets for "waste" meat and bonemeal and tallow; a collapse in the market for hides; and the increasing numbers of cows dying from the cattle madness disease, BSE. Nearly 33,000 have succumbed to the disease since 1986.

The committee criticises the government's response to the crisis – ie. that the market should be allowed to operate – as exhibiting "a dangerous complacency. It assumes that market forces can resolve matters but we cannot foresee the circumstances in which they could do so". The report says: "in market terms the key question is whether knackers will be in a financial position to pass on the renderers' costs to farmers at a cost the farming community finds acceptable before they (the knackers) are forced out of business. We take a gloomy view".

The committee examines several alternatives. It indicates its preference for "putting a bottom in the market for the renderers' end-products and, through a system of deficiency payments, reducing the renderers' current charges."

The committee urges the government to enter into discussions with the rendering industry.

An estimated 1.5m farm animals and horses are normally collected by knackers every year, according to official figures, yet the committee says that knackers report falls in throughput ranging from about 45 per cent on cattle and calves to some 95 per cent on sheep.

"These are alarming figures. Even if all these animals were buried on-farm, the long term environmental consequences would be at best uncertain."

Disposal of Fallen Livestock, House of Commons paper No. 493. HMSO.

WORLD COMMODITIES PRICES

MARKET REPORT

COPPER WAS the firmest market at the London Metal Exchange yesterday as traders prepared themselves for the eventuality of a Chilean strike (see story above). The cash position gained £15.50 to £1,336 a tonne, taking the rise over the past three trading days to £37.50 a tonne. The biggest loser on the day was the nickel contract, which closed $155 down in both the cash and three months positions at $8,105 and $8,127.50 a tonne respectively. Traders said the fall, which they attributed almost entirely to speculative selling, had pushed the three months price close to a support area, which if breached could signal a further decline to $7,850-$7,900 a tonne. After recent substantial falls the aluminium market was "absolutely dead", one trader commented. The cash price slipped another $8 to $1,264 a tonne, while the three months price found support after dipping $7 to $1,296.50 a tonne. At the London bullion market platinum re-established its premium over the gold price, but only just. After Friday's fall to a five year low the white metal regained $2.15 to $365.75 a troy ounce, while gold edged up 50 cents to $365.20 an ounce. Silver also ended its losing run, with the cash price closing 1.50 cents higher at 409 cents an ounce.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.15-6.25u	-0.15
Brent Blend (dated)	$19.50-9.65u	-.175
Brent Blend (Sep)	$19.50-9.65	-0.15
W.T.I. (1 pm est)	$21.30-1.35u	-.275

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$243-245	+2
Gas Oil	$189-190	+1
Heavy Fuel Oil	$68-70	-1
Naphtha	$195-197	-1
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$365.2	+0.5
Silver (per troy oz)♣	409.0c	+1.5
Platinum (per troy oz)	$365.75	+2.15
Palladium (per troy oz)	$91.60	+0.85
Copper (US Producer)	104.5c	+1.5
Lead (US Producer)	50c	
Tin (Kuala Lumpur market)	15.49r	-0.05
Tin (New York)	264.5c	+0.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	N/A	
Sheep (dead weight)†	N/A	
Pigs (live weight)†	N/A	
London daily sugar (raw)	$301.0y	+9.0
London daily sugar (white)	$331.5y	+1.5
Tate and Lyle export price	£291.0	+5.5
Barley (English feed)	£108.0z	
Maize (US No. 3 yellow)	£160.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Sep)♥	54.00p	
Rubber (Oct)♥	54.60p	
Rubber (KL RSS No 1 Aug)	227.5m	-1.0
Coconut oil (Philippines)§	$480.0y	+17.5
Palm Oil (Malaysian)§	$375.0z	+15.0
Copra (Philippines)§	$305z	-5
Soyabeans (US)	£157x	+4
Cotton "A" index	79.45c	
Wooltops (64s Super)	392p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Dec t-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Aug ‡-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	270.00	268.20	270.00 257.00
Oct	210.60	210.40	210.20 208.80
Dec	196.00	190.40	198.00
Mar	194.80	194.40	194.20 193.00
May	196.20	196.00	196.00 195.40
Aug	199.80	200.00	198.60 195.00
Oct	194.80		201.00 200.00
White	**Close**	**Previous**	**High/Low**
Oct	283.0	284.8	284.5 283.0
Dec	274.5		275.0
Mar	274.5	274.0	275.0 272.0
May	276.0	275.0	275.6 274.8
Aug	275.5	275.0	275.6 272.0
Oct	260.5	260.0	260.5 258.9

Turnover: Raw 1807 (471) lots of 50 tonnes. White 1484 (1016)
Paris- White (FFr per tonne): Oct 1693 Dec 1643

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Sep	19.49	19.62	19.70 19.47
Oct	19.49	19.59	19.68 19.49
Nov	19.55	19.65	19.60 19.55
Dec	19.55	19.45	19.55 19.50
Jan	19.50	19.30	19.50 19.50
Apr	19.27		19.27
IPE Index	19.65	19.59	19.65

Turnover 20710 (13472)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Aug	186.75	186.25	186.00 185.00
Sep	186.50	186.00	186.75 185.75
Oct	188.75	189.00	188.75 187.00
Nov	189.50	189.75	189.75 189.00
Dec	190.50	190.25	190.50 189.00
Jan	186.75	187.00	186.50
Feb	181.50	182.50	181.50
Mar	175.75	176.25	176.00 175.00
Apr	173.00	175.25	176.00 173.00

Turnover 4422 (6398)lots of 100 tonnes

TEA

There was a good general demand, reports the Tea Brokers' Association. Brightest teas were fully firm and often dearer. Mediums were irregular but generally gained 1-3p. Plainer descriptions were about steady at last levels. Central African teas met good demand at fully firm rates with coloury descriptions dearer. The few Ceylons sold at fully firm rates. Offshore teas met good demand at fully firm to dearer rates. Quotations: Quality 135p, medium 100p, low medium 75p.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Jul	633	615	631 621
Sep	648	640	653 635
Dec	687	690	687 672
Mar	722	730	723 709
May	739	748	743 730
Jul	758	769	760 750
Sep	778	789	780 767

Turnover: 10260 (6332) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 25 825.27 (775.54) 10 day average for Jul 26 783.36 (778.65)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jul	520	516	528 520
Sep	534	542	549 530
Nov	557	562	569 555
Jan	574	570	585 573
Mar	588	584	598 585

Turnover2170 (6710) lots of 5 tonnes
ICO indicator prices (US cents per pound) for July 25 : Comp. daily 62.99 (63.77). 15 day average 64.40 (64.58)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	98.5	97.9	99.0 98.0

Turnover 62 (165) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Aug	125.00	123.50	125.00
Oct	133.00		133.00 130.00
Dec	137.00		137.00

Turnover 43 (30) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jul	1491	1500	1495
Aug	1495	1514	1510 1494
Oct	1605	1625	1605 1598
Jan	1612	1630	1605
Jul	1360	1365	1360
BFI	1486	1496	

Turnover 33 (106)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Nov	114.50	114.65	114.65 114.50
Jan	117.85	118.00	117.85
Mar	121.00	121.10	121.10
May	123.85	124.10	123.90 123.85
Barley	**Close**	**Previous**	**High/Low**
Sep	109.70	109.40	109.50
Nov	113.60	113.30	113.40 113.25

Turnover: Wheat 122 (99), Barley 35 (113).
Turnover lots of 100 tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	89.8		90.5
Sep	87.5	88.0	89.0 88.0
Oct	101.5	100.0	101.0
Nov	104.5		102.5
Jan	100.5	99.0	99.0

Turnover:47 (22) lots of 3,250 kg

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	138.08	137.32			
Sep	140.10	139.50	140.10	139.80	85
Oct	140.40	139.80	140.40	140.10	105
Dec	141.30	140.20	141.30	140.90	55

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 19,896 lots
Cash	1263-5	1271-3		1265-6		
3 months	1296-7	1303-4	1305/1296	1297-8	1296-7	108,157 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,788 lots
Cash	1335.5-6.5	1320-1	1339/1329	1328.5-9		
3 months	1350.5-1	1338-8.5	1351/1346	1348-9	1354-5	128,264 lots
Lead (£ per tonne)						Total daily turnover 4,257 lots
Cash	325-7	322.5-3.5	325	324.5-5		
3 months	336-7	334-4.25	337/334.5	336-6.5	337-8	15,229 lots
Nickel ($ per tonne)						Total daily turnover 1,716 lots
Cash	8100-10	8250-80		8150-60		
3 months	8125-30	8280-85	8250/8130	8190-200	8125-35	13,584 lots
Tin ($ per tonne)						Total daily turnover 1,586 lots
Cash	5690-700	5695-700		5675-85		
3 months	5780-5	5785-90	5880/5770	5770-5	5770-80	6,863 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 6,380 lots
Cash	1056-7	1060.5-1.0	1057	1058.5-9		
3 months	1074-5	1076-7	1077/1074	1076.5-7	1074-7	27,928 lots

LME Closing £/$ rate:
SPOT: 1.6745 3 months: 1.6540 6 months: 1.6396 9 months: 1.6254

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	365.00-365.40	
Opening	366.40-366.80	
Morning fix	366.00	218.052
Afternoon fix	365.10	217.069
Day's high	366.50-366.90	
Day's low	364.90-365.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.43	6 months	5.31
2 months	5.35	12 months	5.24
3 months	5.33		

Silver fix	p/fine oz	US cts equiv
Spot	244.20	410.90
3 months	250.85	417.00
6 months	257.40	423.40
12 months	270.50	437.65

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	365.25-368.25	217.00-217.50
Maple leaf	373.25-374.25	222.00-222.50
New Sovereign	88.00-89.00	52.50-53.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1200	85	123	3	12
1300	19	58	37	45
1400	1	21	118	106
Copper (Grade A)	**Calls**		**Puts**	
2150	116	126	11	55
2250	50	75	45	102
2350	15	41	109	165
Coffee	**Sep**	**Nov**	**Sep**	**Nov**
500	35	61	2	5
550	6	27	23	21
600	0	10	67	54
Cocoa	**Sep**	**Dec**	**Sep**	**Dec**
625	29		8	
650	14	62	18	26
675	7	48	36	37
Brent Crude	**Sep**	**Oct**	**Sep**	**Oct**
1900			14	
1950			31	
2000		21		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jul	363.4	366.2	0	0
Aug	363.4	366.3	366.1	362.3
Sep	365.3	368.1	0	0
Oct	367.1	369.9	369.7	366.0
Dec	370.8	373.5	373.3	370.0
Feb	374.4	377.1	376.8	373.8
Apr	377.8	380.5	0	0
Jun	381.3	3384.0	0	0
Aug	384.9	387.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	367.5	368.7	369.8	367.0
Jan	372.0	372.9	374.0	372.0
Apr	376.0	376.9	376.8	376.8
Jul	379.9	380.8	381.0	380.5
Oct	387.9	387.9	391.0	391.0
Oct	387.9	387.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jul	406.0	407.5	407.5	405.5
Aug	406.0	407.5	0	0
Sep	408.5	410.0	411.0	407.5
Dec	415.4	416.8	418.0	414.5
Jan	416.9	418.3	420.0	420.0
Mar	423.1	424.5	425.0	423.0
May	428.3	429.7	0	0
Jul	433.6	435.0	435.0	435.0
Sep	439.1	440.5	440.0	440.0
Dec	447.9	449.3	450.5	448.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	100.70	100.55	101.20	100.50
Aug	100.50	100.70	100.80	100.40
Sep	100.70	101.15	101.70	100.60
Oct	100.25	100.60	0	0
Nov	100.00	100.35	100.25	100.25
Dec	99.75	100.15	.50	99.60
Jan	99.30	99.70	0	0
Feb	98.80	99.20	0	0
Mar	98.45	98.75	98.90	98.30
Apr	97.95	98.25	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	21.37	21.48	21.57	21.31
Oct	21.28	21.36	21.43	21.22
Nov	21.21	21.24	21.26	21.17
Feb	20.77	20.83	20.80	20.77
May	20.50	20.50	20.43	20.43
Jun	20.40	20.45	20.45	20.41

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Aug	5875	5877	5890	5840
Sep	5975	5995	6000	5955
Oct	6075	6095	6100	6065
Dec	6280	6285	6285	6252
Jan	6290	6300	6300	6275
Apr	5675	5690	5695	5675
May	5525	5525	5525	5500

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1027	1028	1035	1005
Dec	1083	1086	1086	1065
Mar	1130	1132	1125	1109
May	1159	1164	1150	1148
Jul	1188	1193	1179	1166
Sep	1216	1223	1203	1193
Dec	1251	1272	1245	1245
Mar	1297	1318	0	0
May	1323	1344	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	82.10	81.70	82.25	81.30
Dec	85.50	85.00	85.75	84.75
Mar	88.80	88.10	88.90	88.00
May	90.90	90.65	90.90	90.50
Jul	93.65	93.25	0	0
Sep	96.00	95.40	0	0
Dec	98.75	98.25	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.28	9.33	9.32	9.20
Mar	8.75	8.80	8.76	8.68
May	8.78	8.79	8.78	8.71
Jul	8.80	8.80	8.80	8.74
Oct	8.78	8.79	8.78	8.74

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	69.22	70.70	69.50	68.00
Dec	69.43	71.60	69.80	68.30
Mar	69.91	72.15	71.00	69.85
May	70.82	68.95	71.30	70.75
Jul	71.50	68.00	72.40	72.40
Oct	68.45	0	68.50	68.50
Dec	67.65			68.10
67.65				

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	118.65	118.10	119.75	118.25
Nov	118.60	117.10	118.80	117.80
Jan	117.55	116.10	117.95	116.90
Mar	118.45	117.00	118.50	117.75
Jul	119.30	117.90	119.00	119.00

INDICES

REUTERS (Base: September 18 1931 = 100)

July 29	July 26	mnth ago	yr ago
1721.6	1701.9	1755.5	1805.0

DOW JONES (Base: Dec. 31 1974 = 100)

	July 26	July 25	mnth ago	yr ago
Spot	121.27	122.49	130.72	132.24
Futures	123.59	122.52	125.02	132.41

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	582/0	562/4	602/0	581/0
Sep	588/2	565/6	608/0	565/0
Nov	596/0	576/0	618/0	595/0
Jan	607/2	584/4	626/0	604/4
Mar	617/0	598/2	637/0	614/0
May	625/0	603/0	642/0	621/0
Jul	628/0	608/0	647/0	627/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	21.44	20.25	21.75	20.80
Sep	21.62	20.41	21.91	21.10
Oct	21.85	20.59	22.09	21.25
Dec	22.06	20.97	22.47	21.80
Jan	22.12	21.06	22.66	22.10
Mar	22.48	21.37	22.87	22.48
May	22.70	21.65	23.15	22.70
Jul	22.81	21.77	23.27	22.81

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	180.9	175.1	187.0	179.5
Sep	180.2	173.6	185.5	179.0
Oct	180.3	174.0	187.0	179.0
Dec	181.1	174.2	187.5	179.5
Jan	181.7	174.9	187.5	180.5
Mar	183.5	175.0	188.0	181.5
May	183.0	174.7	188.0	182.0
Jul	183.5	175.5	187.0	182.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	258/6	249/4	259/4	255/0
Dec	262/2	256/4	265/4	260/4
Mar	269/2	262/2	272/2	267/6
May	271/4	265/6	275/6	271/0
Jul	274/0	268/0	278/0	273/0
Sep	260/0	255/0	265/0	260/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	290/6	287/0	298/0	290/2
Dec	305/0	301/2	311/0	304/2
Mar	311/6	308/0	318/0	310/2
May	309/0	304/4	315/0	307/0
Jul	303/6	300/6	309/0	303/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	71.36	71.37	71.97	71.27
Oct	73.80	74.60	74.36	73.75
Dec	75.95	76.20	76.16	75.80
Feb	75.35	75.52	75.55	75.22
Apr	75.75	75.82	76.00	75.62
Jun	73.92	74.05	74.10	73.70

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Aug	53.57	52.67	53.65	52.55
Oct	44.85	44.30	45.25	44.35
Dec	44.75	44.22	45.10	44.17
Feb	45.00	44.25	45.17	44.85
Apr	43.12	42.85	43.35	42.40
Jun	47.80	46.72	47.65	46.90
Jul	47.65	46.60	47.80	0

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	44.60	43.65	45.85	43.00
Feb	50.32	48.32	50.32	47.70
Mar	50.10	48.15	50.15	47.50
May	50.10	48.60	50.80	0
Jul	50.50	48.50	50.50	0
Aug	45.50	45.50	0	0

LONDON STOCK EXCHANGE

Early gains cut back before the close

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
*First Dealings:		
Jul 15	Jul 29	Aug 12
Option Declarations:		
Jul 25	Aug 8	Aug 22
Last Dealings:		
Jul 26	Aug 9	Aug 30
Account Day:		
Aug 5	Aug 19	Sep 9

*New-time dealings may take place from 8.30 am two business days earlier.

THE SUFFERINGS of the corporate sector returned to haunt the UK stock market yesterday, when a confident advance above the FT-SE 2,600 level was abruptly checked in mid-afternoon. The session started in high spirits after Mr Norman Lamont, Britain's Chancellor of the Exchequer, and the UK Treasury reported bullishly on the progress of the domestic economy. But enthusiasm, already cooled by another slow opening on Wall Street, was jolted towards the close by depressing news from Barratt Developments, one of Britain's largest housebuilding companies.

However, both the FT-SE 100 and the FTA All-Share indices closed at new peaks yesterday. In early deals, the FT-SE Index gained 23 points to touch 2,612.4, driven forward by the stock index futures market. Turnover in underlying equities was moderate, however, until the Barratt statement stimulated a bout of profit-taking. Then, the gain in the Footsie was quickly eroded, although the closing quotation of 2,595.0 still showed a net gain on the day of 5.7. The FTA All-Share Index gained 2.87 to 1,238.79.

Although Mr Lamont was content to repeat his forecast that economic recovery in the UK will start in the second half of this year, he cheered the stock market by referring to "dramatic progress," adding that falling inflation would provide a good basis for recovery. The Treasury Bulletin indicated that consumer confidence was reviving and that manufacturing output may be higher than previously expected.

With news from the corporate sector, notably from ICI and Lloyds Bank, looking brighter last week, the stock market opened the new trading account yesterday morning in confident mood, and the Footsie 2,600 mark was quickly pierced.

Equities benefited in early trading from at least one relatively modest buying programme operated by a leading London based securities house. Marketmakers are still short of stock and a premium of around 45 points on the FT-SE September future inspired a scramble to buy the blue chip issues.

However, the day's peak was reached by mid-morning and the market was then inclined to await developments on Wall Street where the inability of the Dow to hold on to the 3,000 mark has been one factor restraining London. Another factor, according to Mr Roger Palmer at Kleinwort Benson Securities, the London merchant bank, has been the likelihood that interim reports from British industry could contain some unpleasant surprises.

Yesterday's unpleasant surprise came when Barratt Developments announced that it was heading for a loss of around £100m – and no final dividend – in the current trading year. Although the severity of the depression in the housing market is widely recognised in the stock market, the building sector took the announcement badly. Barratt shares, although weak for some time, halved yesterday.

Financial sectors, however, remained very firm, with the clearing banks awaiting the flow of trading statements with confidence following the favourable reception on Friday for Lloyds Bank's interim report. Store shares also held on to the gains achieved on the back of the rise in official June retail sales figures, but appeared disinclined to advance further at present.

FINANCIAL TIMES STOCK INDICES

	July 29	July 26	July 25	July 24	July 23	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	84.92	84.86	84.74	84.70	84.72	79.76	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	94.03	94.04	93.95	94.40	94.45	88.21	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2011.9	2003.5	1998.2	1999.6	2006.1	1838.1	2014.5 (5/4)	1608.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	187.3	183.8	188.6	198.6	203.4	183.5	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2595.0	2589.3	2579.6	2580.5	2587.9	2316.5	2595.0 (29/7)	2054.8 (16/1)	2595.0 (29/7/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1170.50	1167.37	1168.01	1171.12	1178.52	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.71	4.74	4.74	4.74	4.74	5.07				
●Earning Yld %(full)	8.09	8.13	8.14	8.33	8.32	11.02				
●P/E Ratio(Net)(☆)	15.28	15.21	15.18	14.76	14.78	11.03				
SEAQ Bargns 4.45pm	32,474	34,698	29,383	32,313	33,349	19,208				
Equity Turnover(£m)†	-	931.79	958.18	1036.34	1204.09	697.01				
Equity Bargains†	-	35,589	31,000	33,581	33,180	18,470				
Shares Traded (ml)†	-	428.9	454.8	433.4	535.4	312.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 14.60

Ordinary Share Index, Hourly changes — Day's High 2021.9 — Day's Low 2003.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2003.9	2011.6	2014.7	2019.4	2017.3	2018.7	2017.7	2016.1	2012.3

FT-SE 100, Hourly changes — Day's High 2612.4 — Day's Low 2587.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2587.7	2599.5	2602.9	2609.2	2605.8	2604.8	2606.2	2602.7	2596.9

FT-SE Eurotrack 200, Hourly changes — Day's High 1171.85 — Day's Low 1168.66

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1169.21	1169.05	1170.25	1170.73	1171.75	1171.19	1171.42

GILT EDGED ACTIVITY

Indices*	July 26	July 25
Gilt Edged Bargains	83.3	74.0
5 – Day average	83.6	85.5

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

Barratt hurts the market

SHARES in Barratt Developments halved yesterday after the UK's third largest housebuilder shocked the market with a warning that it could lose £100m this year and will not be making a final dividend payment.

Barratt fell 39 to 30p, but some buyers were tempted in at the lower levels and the shares closed at 35p for a net drop of 34. Turnover, at 3.5m, was heavy. Barratt has fallen steadily since April from a peak of 124p, as the recessions in the UK and US construction sectors have taken their toll.

One analyst described the announcement as appalling, while another said it "exceeded the worst nightmare". The rest of the building and construction sector declined in sympathy, with Costain down 6 at 146p, Wimpey off 5 at 169p and Mowlem 8 cheaper at 235p.

Midland in demand

News that Midland Bank was in talks with Allied Dunbar, the life assurance and unit-trust subsidiary of BAT Industries, added to recovery hopes and helped ensure that Midland's shares provided one of the best features in the banking sector. The bank would not elaborate on a press report that the talks could lead to Allied selling its products through the bank's branch network.

The shares rose 9 to 208p on a turnover of 4.8m and held their gain as the rest of the sector drifted back towards the close. BAT lost 2 to 742p.

Midland is still struggling with losses and high bad debt provisions. It is forecast by analysts to report an interim loss of up to £50m on Friday; but the market is enthusiastic over the bank's potential as, over the past year, it has deployed a stringent cost-cutting and rationalisation programme. Mr Rod Barrett of Goldman Sachs, the US investment bank, said: "We like the stock. It is a high risk, high reward situation. In a sector where a great deal of recovery is already discounted, this is a stock which is less so."

Bass under pressure

A sharp profits downgrading from Lehman Brothers sent Bass 19 lower at one point against the market trend. The shares were off their worst by the close at 904p, down 16.

Lehman sliced £100m off its forecast for next year's profits to leave the figure at £471m. The broker blamed the company's reliance on the "free on-trade" – sales through public houses not committed to one brewer – where competition is most severe.

"The profit per barrel in the UK beer industry is the highest in the world because of the vertical integration. That profit per barrel has nowhere to go but down," said Mr John Wakely of Lehman. He recommended that investors sell the stock and buy Guinness instead. Guinness firmed 5 to 990p. Kleinwort Benson reiterated its view that Bass would make £573m profit next year.

Patent reaction

Shares in Glaxo and SmithKline Beecham, the UK's two biggest drug companies, were sent in opposite directions yesterday by news that Glaxo had won an early victory in a patent dispute between the two.

The US Patent and Trademark Office made a preliminary determination that Glaxo was the first to invent the use of ondansetron in the treatment of nausea. A final decision is up to two years away and Glaxo said it was "still early days". SmithKline said the decision was "merely procedural".

The effect on the shares was largely one of sentiment, said analysts. "It is only worth £15m a year," said one. Trading volume was below average as Glaxo rose 11 to 1255p and SmithKline fell 9 to 812p, the latter ahead of interims tomorrow. When the start of the patent action was announced on May 30 Glaxo fell 28.

Banks continued to benefit from last week's highly satisfactory results from Lloyds Bank. The sector was up sharply at mid-session before drifting off with the market in the afternoon. Lloyds ploughed ahead by 9½ to close at 364p ex-dividend. Mr Richard Coleman of James Capel said: "Most of the analysts' notes are out now and people are seeing that there are no holes to pick in the results. However, one should be careful not to read too much into the sector and into Lloyds' second half."

Abbey National, which reports tomorrow and is expected to be very much in line with analysts' expectations, ended 2 firmer at 306p after being up 6 at one stage.

TSB, which has been held back because of bad debt provisions, picked up 1½ to 145½p on healthy turnover of 7.5m. It was helped by a block of 1.5m shares going through the ticker at 145½p. The deal was said to be part of a large programme trade.

Barclays, which reports on Thursday, is predicted by analysts to produce half-time profits between £220m and £300m, down from £602m. However, it is expected to offer a marginal rise in its interim dividend from the previous 9.15p first-half payment and the shares gained 5 at 180p, after 185p.

Composite insurers were subdued ahead of the sector's results season but Guardian Royal Exchange picked up 4 to 184p on turnover of 4.6m. Observers said a line of GRE stock, which had been hanging over the market following problems with a programme trade a week ago, had finally been placed. Commercial Union, which will be the first to report and is expected to be one of the better performers, eased 4 to 511p. Sun Alliance slipped 7 to 362p and Royal Insurance lost 3 to 397p.

British Aerospace fell sharply in the face of a double dose of negative news. The shares lost 17 to 568p on above average turnover of 2.1m after the company said trading at its Rover car subsidiary had been difficult in the first half. BAe said it made the statement in response to press comment last Friday which suggested Rover would be profitable.

Traders were still digesting the statement when Hoare Govett, the company's broker, was reported to have weighed in with a sharp profits downgrade. Hoare was said to have cut its expectations for the year to December from £375m to £295m. City brokers, many of whom recently issued buy recommendations, are expected to follow Hoare lower.

BOC was in demand as sentiment was helped by price rises for bulk oxygen, nitrogen and helium from US rival Union Carbide. The increases will range from 5 to 9 per cent and take effect from August 1. BOC climbed 8 to 571p.

In an otherwise quiet energy sector, heavy turnover in British Gas, blamed on "dividend washing", in which funds avoid paying taxes on dividends by selling the shares cum-dividend and buying them back ex-dividend. Trades of 4.5m and 1.5m on the overnight ticker were matched in early dealing yesterday, after the shares had gone xd. Gas rose 4½ to 270p xd as 15m changed hands, the busiest day's trading since May.

Computer services company P & P rose 11 to 95p as demand for the shares continued to build up following its interim results last week.

Budgens resumed trading after being suspended on Friday. As the market had suspected, Budgens announced a £21.7m rights issue and the shares closed up 2 at 37p xd.

Hazlewood Foods dipped 3 to 190p after making a recommended £35m bid for food company Sutherland Holdings.

Anglo-French media buyer Aegis rose 7 to 189p in front of interim figures expected today. Mining company Monarch Resources advanced 10 to 165p after a confident statement at its annual meeting.

Buying ahead of tomorrow's interim figures lifted motor distributor T. Cowie 4 to 80p. News of a $35m (£21m) contract to develop and supply equipment for the new Boeing 777 airliner lifted Smiths Industries 5 to 270p. Bullough rose 12 to 110p on better than expected interim figures.

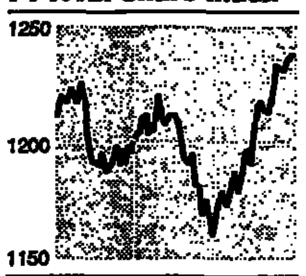
Pilkington fell 5 to 154p on news that the world's number one glassmaker had acquired a French-owned glass and double-glazing company. The move prompted concern over possible friction with Saint Gobain, Europe's biggest glassmaker.

Menvier Swain, the UK's leading manufacturer of emergency lighting and fire alarms, forged ahead 20 to 248p after announcing an increased dividend.

MARKET REPORTERS:
Daniel Green, Peter John, Jim McCallum, Joel Kibazo.

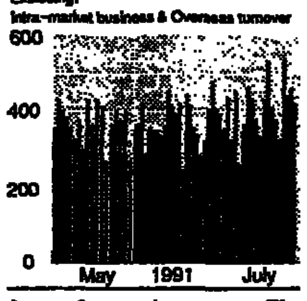
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 20.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (190).

BRITISH FUNDS (6) Treas. 8pc 1991, Treas. 3pc 1992, Fd. 6pc Ln. 1993, Cnv. 9pc 2011 A, Treas. 2pc IL 1994, Treas. 2pc IL 1992, AMERICANS (2) Dial, Rep NY, BANKS (3) Abbey National, Warburg (SG), Do. 6pc Prf., BUILDINGS (1) Rugby, CHEMICALS (1) ICI, STORES (15) Alexon, Amber Day, Blacks Leis., Coats Viyella, Dixons, Do. Cm Rd. Prf., Ern. Fine Art Devs., Gabicci, Hogg Robinson, Marks & Spencer, Martin (A), Next, Reject Shop, Smith (WH) A, ELECTRICALS (7) Domino Printing, Multitone, Real Time Control, SO-Scicon, Thorn EMI, Volex, Wholesale Fittings, ELECTRICITY (3) National Power, Norweb, PowerGen, ENGINEERING (8) Fairey, Meggitt, Molins, Rotork, SKF, Wheeson, FOODS (8) Assoc. Brit. Foods, Cranwick Mill, JLI, Northern Foods, Sutherland, HOTELS (1) Ramsden's (H), INDUSTRIALS (28) Assoc. Brit. Ports, BET, BSS, BTR, Bespak, Bimec, Boots, British Polythene, Do. 7½pc Prf., Capita, Copymore, Courtaulds, De La Rue, Inchcape, Kalon, London Intl., Mt. Labs., Medeva, Seton Healthcare, Siebe, Smith & Nephew, TT, Tomkins (FH) 5.6pc Prf., Wolseley, Worthington (AJ), INSURANCE (2) Domestic & General, Saffire Invs., LEISURE (1) Prism, MOTORS (2) Kwik-Fit, Verdy (R), NEWSPAPERS (1) Blenheim, PAPERS (2) Clondalkin, Usher Walker, PROPERTY (3) Billion (P), Slough Ests. 8¼pc Prf., TEXTILES (3) Courtaulds, Readicut, TRANSPORT (1) Tibbett & Britten, TRUSTS (18) BZW Cnv. Units 1995-02, Brit. Assets IL 2005, British Inv., Fleming Amer. Cnv. 1998, Genesis Chile Fund, Keystone Inv., Korea Libr., M & G, Mercury Asset Mgmt., North British Can. Inv., Personal Assets, Scottish Natl. Zero Div Prf., Second Alliance, TR Technology Stppd. Prf., Templeton Emrg. Mkts. Wrrnts., OILS (1) Intl. Petroleum, MINES (3) Dragon, Jason, MIM, Monarch Res., Western Mining.

NEW LOWS (38).

AMERICANS (1) Gt. Amer. First Savings, CANADIANS (1) Central Capital A, BANKS (2) Reflex Invs., Union Discount, BREWERS (1) Macallan-Glenlivet, BUILDINGS (3) Barratt Devs., Graham Wood, Ward Hldgs., STORES (1) Colorvision, ELECTRICALS (1) Arlen, ENGINEERING (1) Robinson (T), FOODS (3) Carr's Milling, Global, IAWS A, INDUSTRIALS (12) Barrett (H), Dean & Bowes, Hadleigh Inds., Holders Technology, Huntingdon Intl., LGW, Lavercrest, Melville, Mosaic, SEP, Stainless Metalcraft, Wykn, INSURANCE (1) FAI, LEISURE (3) TV-am, Thames TV, Yorkshire TV, PROPERTY (1) Burlows, TRUSTS (6) Ensign, Do. B, Govett Amer. Endeavour, Murray Ventures, Schroder Japanese Wrrnts., Sumit, OILS (1) Bula Res., MINES (1) Plateau.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	176	520	+12	Costain	736	117	+4½	Lucas	1,000	140	-2	Seaboard	171	218	+2
ASDA Group	1,650	91		Courtaulds	1,700	440	+7	MB Caradon	340	236		Severn Trent Water	1,500	338	-7
Abbey National	2,100	308	+2	Dalgety	862	396	-3	MEPC	1,500	464	+10	Shell Transport	3,400	528	+3½
Albert Fisher	2,400	116	+½	De La Rue	380	480	+5	Manweb	286	282		Siebe	812	495	+3
Allied-Lyons	2,300	571	+4	Dixons	1,700	243	+4	Marks & Spencer	3,200	285	-3	Slough Ests	1,000	283	+8
Amstrad	2,300	50		ECC Group	1,100	455	-8	Maxwell Comms.	1,000	202		Smith (W.H.) A	1,400	482	+14
Anglian Water	978	375	-5	Eastern Elect.	1,100	165		Midland Bank	4,600	208	+9	Smith & Nephew	4,000	137½	+1
Argos	4,600	325		East Midland Elect.	320	208	+3	Midlands Elect.	932	209	+1	SmKl Beecham	1,800	812	-9
Argyll Group	2,100	312		Enterprise Oil	834	838	-7	NFC	728	173	+½	SmKl Beecham Uts.	241	3465	-24
[illegible]															
British Gas	15,000	270	+4½	Hillsdown	2,100	224	+1	Reed Intl.	768	482	+4	Ultramar	3,600	270	+4
British Land	7,000	288	+2	IMI	175	250	+1	Rentokil	1,200	340	+1	Unigate	1,500	298	
BP	6,800	347	+4	ICI	1,400	1331	+10	Reuters	4,300	757	-26½	Unilever	1,100	784	-2
British Steel	5,900	121½	+1	Inchcape	1,800	554	+1	Rolls Royce	411	164	+1½	United Biscuits	722	382	+5
British Telecom	8,800	391½	+6½	Kingfisher	988	534	+7	Rothmans	887	1053	+8	Utd. Newspapers	220	385	+3
Bunzl	282	82		Ladbroke	4,800	278	+4	Ryl Bk Scotland	336	187	+2	Wellcome	650	724	
Burmah Castrol	1,000	572	+8	Land Securities	982	513	+10	Royal Insurance	244	397	-3	Welsh Water	254	376	-5
Burton	2,800	34½	-1	Laporte	438	645	+4	Saatchi	3,800	17½		Wessex Water	259	388	-4
Cable & Wire	2,900	688	-4	Legal & General	1,100	430		Sainsbury	1,800	365	+1	Whitbread 'A'	2,300	494	+4
Cadbury	1,000	371	+1	Lloyds Abbey	1,400	423	+12½	Scottish & New.	4,200	407	+7	Williams Hldgs.	3,100	331	-1
Calor Group	854	225	+1	Lloyds Bank	4,100	364	+9½	Scot. Hydro-Elect.	14,000	113½	+1	Willis Corroon	1,700	312	+5
Carlton Comms.	195	476	+2	LASMO	639	391	-3	Scottish Power	8,908	105½	+1½	Wimpey	1,800	169	-5
Coats Viyella	2,100	187	+3	London Elect.	2,800	201½	+5½	Sears	1	86½	+2½	Yorkshire Elect.	910	249	+1
Comm. Union	606	511	-4	Lonrho	831	258	-3	Sedgwick	2,900	288	-6	Yorkshire Water	169	388	-3

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures led the equity market through key points of resistance yesterday as optimism over the outlook for the UK economy outweighed further bad news from the corporate sector, writes Jim McCallum.

The September FT-SE contract started the session at a strong 45 point premium to the spot index, almost twice fair value and a clear indication of the futures market's bullishness.

The gap between the futures and stock markets closed when arbitrageurs sold futures and bought shares. But for much of the session, September continued to trade at 40 point premium, and was helped along by a programme trade, which was weighted towards buying of shares.

However, a disappointing performance by Wall Street and some profit-taking later in the day caused FT-SE futures to back away from their best levels. September FT-SE closed at 2,630, up 3 points on the day and at a premium of 35.

In the options market, dealing was quiet. The main feature of the session was heavier trading in FT-SE options, reflecting the moves on the stock market. The July 2,600 put was the most popular contract. Land Securities January 500 calls also featured.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
100¼	99¼	Exch. 11pc 1991	100	.....	11.00	10.63
99⅞	96¾	Treas. 8pc 1991	99¼	.....	8.07	10.26
101½	100½	Treas 12¾pc 1992‡‡	101⅛	.....	12.62	10.50
99½	97½	Treas 10pc 1992	99¼xd	.....	10.03	10.46
98⅝	95½	Treas. 8pc 1992‡‡	98⅝	+⅛	8.12	10.28
100½	98½	Treas 10½pc Cv 1992‡‡	100½	.....	10.50	10.37
95⅝	91⅜	Treas. 3pc 1992	95⅝	+⅛	3.14	[illegible]
102⅞	100⅝	Exch. 12¼pc '92	101⅞xd	-⅛	12.01	[illegible]
104¼	102⅛	Exch 13½pc 1992	103⅛	-⅛	13.07	[illegible]
97⅛	94	Treas 8¾pc 1993	97⅛	.....	8.48	[illegible]
99⅝	97⅛	Treas 10pc 1993‡‡	99⅝	.....	10.03	[illegible]
104⅝	102¼	Treas 12½pc 1993‡‡	103⅝	.....	12.02	[illegible]
93⅝	89⅝	Funding 6pc 1993‡‡	93⅝	+⅛	6.41	[illegible]
108⅛	105⅛	Treas 13¾pc 1993‡‡	107	-⅛	12.85	[illegible]
96⅛	92⅛	Treas. 8½pc 1994	96⅛xd	.....	8.83	[illegible]
111¼	108⅛	Treas 14½pc 1994‡‡	109⅝xd	.....	13.23	[illegible]
109	105⅝	Exch 13½pc 1994	107⅝	.....	12.58	[illegible]
99⅝	96⅝	Treas. 10pc Ln. 1994‡‡	99½	.....	10.05	[illegible]
106⅛	103⅛	Exch. 12½pc 1994	105⅝xd	-⅛	11.82	[illegible]
96⅞	93¼	Treas 9pc 1994‡‡	96⅛	.....	9.32	[illegible]
106⅛	102⅛	Treas 12pc 1995	104⅝xd	+⅛	11.43	[illegible]
89	82¼	Exch 3pc Gas 90-95	86¼	.....	3.48	[illegible]
100⅝	96⅝	Exch. 10¼pc 1995	99⅝xd	.....	10.25	[illegible]
109⅝	105⅛	Treas 12¾pc 1995‡‡	108⅛	.....	11.77	[illegible]
113⅛	109⅝	Treas. 14pc '96	112⅛xd	+⅛	12.48	[illegible]
96⅞	92⅞	Treas. 9pc 1992-96‡‡	96⅛	+⅛	9.32	[illegible]
119⅝	115⅛	Treas 15¼pc 1996‡‡	117⅝	+⅛	12.99	[illegible]
112¼	108	Exch 13¼pc 1996‡‡	110⅝	+⅛	12.01	[illegible]
Five to Fifteen Years						
100¼	95⅛	Conversion 10pc 1996	99⅛	+⅛	10.10	[illegible]
99⅞	97⅛	Do. 10pc 1996 B	99	.....	10.11	[illegible]
113⅛	108⅛	Treas 13¼pc 1997‡‡	111⅛xd	+⅛	11.90	[illegible]
102⅞	97⅝	Exch 10½pc 1997	100⅞xd	+⅛	10.41	[illegible]
94⅝	89⅝	Treas 8¾pc 1997‡‡	93⅛xd	+⅛	9.36	[illegible]
122⅛	117	Exch 15pc 1997	119⅝	+⅛	12.51	[illegible]
98⅝	93⅛	Exch. 9¾pc 1998	97⅝	+⅛	9.99	[illegible]
85⅛	80⅛	Treas 6¾pc 1995-98‡‡	85⅛	-⅛	7.89	[illegible]
127⅛	121⅛	Treas. 15½pc '98‡‡	125⅛	+⅛	12.39	[illegible]
109⅛	104⅛	Exch. 12pc 1998	108⅛	+⅛	15.70	[illegible]
97⅛	92⅛	Treas 9½pc 1999‡‡	96⅛	.....	9.81	[illegible]
111⅛	105⅛	Exch. 12¼pc 1999	109⅛	+⅛	11.16	[illegible]
102⅝	97⅛	Treas. 10½pc 1999	101⅛	+⅛	10.37	[illegible]
[illegible]						

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108¼	102	Treas. 11½pc 2001-04	106⅛	+⅛	10.79	10.38
58⅛	53⅛	Funding 3½pc '99-04	58⅛	+⅛	5.98	8.97
97⅛	90⅛	Conversion 9½pc 2004	95⅛	+⅛	9.94	10.11
97⅛	90⅛	Conversion 9½pc 2005	95⅛	+⅛	12.56	10.09
118¼	111	Treas. 12½pc 2003-05	115⅛	+¼	10.80	10.21
Over Fifteen Years						
85⅛	79⅛	Treas. 8pc 2002-06‡‡	83⅛	+⅛	9.54	10.09
[illegible]						

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
102	95⅞	African Dv Bk 11¼ Ln 2010	101⅛	+⅛	10.92	10.87
97⅛	91⅛	Asian Dev Bk 10¼pcLn2009	97⅛	+⅛	10.56	10.61
112⅛	105⅛	Int-Am Dev Bk 12½pc 2003	111⅛	+⅛	11.22	10.73
92⅛	86⅛	Do. 9½pcLn 2015	91⅛	+⅛	10.65	10.74
122	101	Intl. Mexican States 16½pc 2008	122	.....	13.52	13.47

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

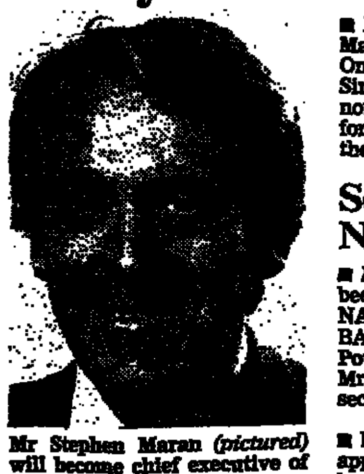
FOREIGN BONDS & RAILS

[illegible]

Continued on next page

APPOINTMENTS

Senior post at Lloyds Abbey Life



Mr Stephen Maran (pictured) will become chief executive of LLOYDS ABBEY LIFE from September 1. He is deputy managing director and finance director, and joined the group in 1969.

■ MOORE STEPHENS has appointed Mrs Alicja Kornasiewicz, an English-speaking Polish accountant and member of the Polish Parliament, to head the accounting team in Warsaw.

■ AMERICAN INTERNATIONAL UNDERWRITERS (UK) has promoted Mr Tom Wall to vice president. Mr Chris Giles becomes personal accident profit centre manager for the UK/Ireland region. The region becomes part of an enlarged European region under the control of Mr Tony Galioto who moves to the UK from Paris.

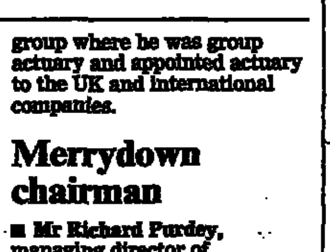
■ EMAP has appointed Mr Martin Boase, chairman of Omnicom UK, to the board. Sir Frank Roger, a non-executive director and former chairman, retires at the end of the year.

Secretary of NatWest

■ Mr Peter Hammonds has been appointed secretary of NATIONAL WESTMINSTER BANK, succeeding Mr John Povey, who retires tomorrow. Mr Hammonds was deputy secretary of Lloyds Bank.

■ Mr Jerry Fitchett has been appointed general manager, business development, for TNT CONTRACT LOGISTICS, Atherstone. He will also be responsible for sales and marketing, and will additionally cover the US. He has been with the group for ten years.

■ Mr Max Pearce has been appointed group chief executive of HAYNES PUBLISHING GROUP from August 1. He was overseas development director, and succeeds the founder Mr John H. Haynes who continues as chairman. Mr Pearce is also managing director of Lakewoods, a joint venture formed by John Laing and Granada Group to develop holiday villages in the UK.



■ Mr James W. Lawrie (left), operations director of ALLIED DISTILLERS, has been appointed assistant managing director, and Mr Ronald A. MacQuarrie (right) succeeds him as operations director. Mr Lawrie is also production director of James Burrough.

■ Mr Patrick Smith has been appointed head of SAMUEL MONTAGU precious metals. He was deputy head and succeeds Mr Douglas Bull who has retired.

■ MAGNETIC MATERIALS GROUP has appointed Mr Brian Morris as chief executive officer. He was president, AVX.

■ Mr Vanni Treves has been appointed non-executive chairman of McKECHNIE in succession to Dr Jim Butler, who has retired and leaves the board at the end of the year. Mr Treves is senior partner of Macfarlanes, City solicitors, and chairman, BBA Group.

■ Mr John O'Neill has joined BACON & WOODROW as a partner in the insurance division. He was with Flemings/Save & Prosper group where he was group actuary and appointed actuary to the UK and international companies.

Merrydown chairman

■ Mr Richard Purdey, managing director of MERRYDOWN WINE, Heathfield, will succeed Mr Roy Hooper as chairman at the annual meeting on October 2. Mr Purdey will continue as managing director, and Mr Hooper remains on the board as a non-executive director.

■ Mr Enrico Sola (pictured) has been appointed president of DEL MONTE FOOD INTERNATIONAL. He is a main board director and chief operating officer. The company was formed last year following a management buy-out of Del Monte's canned and processed food business.

LONDON SHARE SERVICE

AMERICANS

1991 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories $1	31	+¼	$1.00	–	1.9
385p	257p	Allegheny & W 1c	282p	.....	30c	–	6.3
10¼	667p	Amdahl 5c	826p	−28	10c	–	0.7
42¼	25¼	Amer. Cyanamid $5	38½	+⅝	$1.50	–	2.3
17⅞	9⅜	Amer. Express 60c	14⅞	+⅛	92c	–	3.7
24½	15¼	American T. & T $1	23¼	+⅛	$1.32	–	3.3
38⅝	32½	Amerltech $1	36	+⅝	$3.40	–	5.6
24	12	BankAmerica $1	20½	−⅛	$1.20	–	3.5
34	20	Bankers N.Y $1	34	+⅛	$1.52	–	8.4
30½	24¼	Bell Atlantic $1	28	+¼	$2.52	–	5.2
31¼	25	BellSouth Corp.	29	+1¼	$2.76	–	5.6
11¼	6	Bethlehem Steel $8	10½	.....	40c	–	2.3
1839p	1046p	Bowater Inc.	1488p	+33	$1.20	–	4.8
9½	4½	Brunswick 75c	8½	+⅛	44c	–	3.0
54	37	CPC Intnl. 25c	50½	+⅛	$2.00	–	2.3
852p	420p	California Engy	788p	−6	–	–	–
50	28¼	Campbell Soup 15c	45½	+⅛	$1.16	–	1.5
12⅝	5	Chase Manhattan $12½	11⅛	−⅜	$1.20	–	6.2
9	5½	Chrysler $6¼	8¼	−⅛	60c	–	4.3
10⅝	5⅝	Citicorp $1	8	+⅛	$1.00	–	6.6
25	21	Colgate-Palmolive $1	23	+⅛	$1.06	–	2.7
845p	438p	Cont'l Bank Corp $4	781p	+1	$1.00	–	7.6
21⅝	13	Dana Corp. $1	19¼	−⅛	$1.60	–	4.8
1106p	203p	Data General	1034p	+32	–	–	–
22¼	12⅞	Dial Corp $1.5	22½	+⅛	$1.40	–	3.7
29⅝	20¼	Dun & Bradstreet $1	26½	−⅛	$2.16	–	4.8
40	24¼	Eaton Corpn 50c	39	−⅛	$2.20	–	–
8½	5½	Echlin Inc.	7	−⅛	70c	–	5.2
19	14	FPL Group 1c	18⅝	+⅛	$2.40	–	7.6
30⅞	17	Fluor Corp 62½pc	27½	−⅛	32c	–	0.7
23¼	13⅛	Ford Motor $1	20¼	−⅛	$1.60	–	3.0
46	28	Gen. Elect. 63c	43	+¼	$2.04	–	2.8
566p	270p	General Host Corp $1	461p	+16	34c	–	4.4

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

For Scholl see INDUSTRIALS (Miscel)

ELECTRICALS

ELECTRICITY

For Scott. Hydro-Electric and Scottish Power see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LONDON SHARE SERVICE

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LEISURE

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
557	150	Airtours 10p	549		t8.25	2.9	2.0	17.2
108	71½	Allied Leis. 5p	95	+1	F4.75	3.5	6.8	6.5
246	140	Anglia TV	176		9.28	2.4	7.0	8.0
31	14	Aspen 1p	28		1.5	1.1	7.4	(16.7)
[illegible]	[illegible]	[illegible]	[illegible]					

PROPERTY

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
4½	2	Abaco Grp. 5p	2					
100	78	Allied London 10p	88		3.53	0.5	5.9	63.3
95	75	Do. 5¼pc Cnv Rd Pf £1	87		5¼%		8.8	
43	11	Anglo St. James 35p	14	−1	t3.0	1.2	‡	(3.8)
90	70	Arcadian Intl	78		tq4.0	0.4	‡	
108	66	Asda Property 20p	83		1.85	0.8	3.0	57.4
89	60	Do 5¼pc Cm Pf £1	70	−1	5¼%		9.8	
32	13	BDA Hldgs 10p	24	−1				
48	30	BHH Group 50p	39		1.0		3.4	
68	45	Baker Hrrs Snds 10p	56		2.5		6.1	♦
71	52	Bartows 10p	53		2.48	0.6	6.2	38.7
449	325	Bilton (Percy)	445	+5	17.44	1.5	5.2	17.6
66	51	Bolton Grp 5p	59					
85	48	Bourne End Prop	58		2.0		5.3	
150	115	Bradford Prop 5p	145	+2	3.7	2.9	3.4	13.7
88	63	Bredero Props	65		2.4	2.7	5.1	7.9
94	44	Britannia Grp 5p	46	+2	3.0	1.2	8.7	12.7
330	255	British Land	296	+2	5.75	1.7	2.6	27.8
[illegible]	[illegible]	[illegible]	[illegible]					

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT—Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS—Contd

NET ASSET VALUES ARE BASED ON 1.30PM FIGURES
Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

WATER

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
383	331	Anglian £1	378	−5	17.5	2.2	6.2	(8.2)
170	135	East Surrey 10p	170	.....	8.0	2.7	6.3	(6.4)
178	155	Mid Kent Hldgs £1	173	.....	a8.0	2.8	6.2	6.6
387	322	North West £1	372	−3	18.0	q2.5	6.5	(6.8)
406	327	Northumbrian £1	389	−3	18.6	q2.9	6.4	6.0
370	300	Severn Trent £1	338	−7	17.55	3.0	6.9	5.3
397	293	Southern £1	323	−11	17.7	q2.5	7.2	(6.1)
392	308	South West £1	353	−6	20.0	q2.7	7.6	(5.4)
394	323	Thames £1	387	−4	17.5	2.2	6.0	(8.3)
422	341	Welsh £1	376	−5	19.5	3.4	6.9	4.6
456	325	Wessex £1	388	−4	17.7	q2.5	6.1	(7.4)
401	335	Yorkshire £1	398	−3	17.7	q2.2	6.0	7.6

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
4	2½	Croesus Mining N.L.	3½				
49	17	Delta Gold 25c	49	+2			
42	28	Dominion Mining	37	.....	t04c	7.8	5.2
17	11	Doral Resources	15	.....	Q1c		3.1
4½	1½	Dragon Mining	4½	+½			
32	20	Emperor Mines	29	+1			
5½	3	Forsayth NL	4½				
35½	19½	GM Kalgoorlie 5c	32				
47	29	Gwalia Cons. 20c	37		Q8c	1.6	10.1
78	36	Indonesian Diamond $2	53	+3			
2¼	1	Jason Mining 20c	2¼	+½			
1¼	0½	Julia Mines NL	1¼				
84	67	Kidston Gld Mn 20cts	73	+2	Q38c	♦	24.3
74	45	Meekatharra 25c	46	−2			
21	9	Metana Minerals N.L.	20	−1			
96	56	MIM Hldgs 50c	96	+2	t010c	2.0	‡
[illegible]	[illegible]	[illegible]	[illegible]				

Tins

Miscellaneous

1991 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
188	82	Oryx Gold Hldgs	167	.....			
23	11	Pheoca Gold IR 2p	13	.....			
44	23	Plateau Mining 20p	23	−1			
594	404	RTZ 10p	588	+2	19.5	2.2	4.4
11	3¼	Thorco Res. Inc.	10	.....			
10	5	Vizcaya Hldgs 5p	5	.....			
133	120	Young Group 10p	123	.....	5.2	1.7	5.6

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on *latest annual* reports and accounts and, where possible, are updated on *half-yearly* figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm −) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
♦ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially listed.
§ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ *Merger bid or reorganisation in progress*
♣ Not comparable
♦ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover based on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n *Rights issue pending q Earnings based on preliminary figures.* s Dividend and yield exclude a special payment. t Indicated *dividend: cover relates to previous dividend, P/E ratio based on* latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Craig & Rose £1	640	......
Finlay Pkg. 5p	28	......
Holt (Jos) 25p	1978	−2

IRISH

Stock	Price	+ or −
Cap. 8½% Ln. 2010	£92	......
9pc Cap Ln. 1996	£97⅛	−⅛
Fin. 13% 97/02	£112¾	−1
Arnotts	148	......
Helton Hldgs	33	+1
IRG	128½	......
United Drug	172	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	46
Amstrad	7
Astec (BSR)	6
BAT	60
BOC Grp.	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons.	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	28
Gen Accident	48
GEC	17
Glaxo	80
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	80
Ladbroke	22
Legal & Gen	36
Lex Service	20
Lloyds Bank	38
Lucas Inds.	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk.	27
P & O Dfd.	51
Racal Elect.	18
RHM	28
Rank Org Ord.	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	40

Property

Stock	p
Brit Land	38
Control Secs.	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Stock	p
Aviva Petlm.	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm.	10
Gaelic Res.	1
Premier	6
Shell	41
Tuskar Res.	2
Ultramar	30

Mines

Stock	p
Lonrho	21
RTZ	48

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	48.86	48.86	52.25	+0.47	6.64
Gilts & Fixed Int	6	112.9	112.9xd	119.7	+0.3	9.61
High Inc Equity	6	133.2	136.8xd	145.5	+0.1	5.84
Worldwide Bond	6	204.9	204.9	218.4	+0.8	6.87
Capital Growth						
American Growth	6	200.4	200.4	214.1	+1.8	1.02
Asian Pacific	6	134.2	136.9	145.6	+0.1	1.08
Assets & Earnings	6	178.8	182.7	194.3	+1.1	2.97
Capital Reserve Acc	0	105.7	105.7	105.8	+0.1	7.17
Capital Reserve Inc	0	83.60	83.60	83.65	+0.04	7.17
Comdty & Energy	6	79.28	79.28	84.79	+0.77	1.76
1992 Enterprise	6	63.13	63.13	67.51	-0.15	2.86
Euro Capital Acc	6	87.27	87.27	93.33	-0.55	1.45
Euro Capital Inc	6	83.38	83.38	89.17	-0.53	1.46
General	6	173.1	173.1	185.1	+0.4	2.70
Japan	6	97.46	97.46	104.2	+0.3	-
Mastertrust	6	90.10	90.10	96.36	+0.15	2.12
UK Growth Acc	6	154.2	154.2	164.9	+0.6	2.75
UK Growth Dist	6	99.08	99.08	105.9	+0.3	2.77
US Emerging Cos	6	66.28	66.28	70.88	+0.4	-
Income & Growth	6	304.4	304.4	325.5	+1.1	4.30
Ethical	6	50.26	50.26xd	53.75	+0.58	3.14
International	6	62.75	62.75	67.11	+0.12	1.31
Dividend & Growth	6	48.80	50.00xd	53.19	+0.18	5.64
Global Gwth & Sec	6	51.71	51.93	55.24	+0.12	1.82
Aberforth Unit Trust Managers Ltd (1600)F						
14 Chester St, Edinburgh EH3 7RA 031 220 0733						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Bishopsgate Progressive Mgmt Co (1200)F						
15 St James' Place, London SW1A 1NW 071-493 8111						
Progressive Inc	5	£18.75	18.75	19.79	----	1.17
Progressive Acc	5	£28.26	28.26	29.83	----	1.17
International Inc	5	£19.86	19.86	20.96	----	1.30
International Acc	5	£26.39	26.39	27.85	----	1.30
Can & Foreign Inc	5	230.1	230.1	242.8	----	0.60
Can & Foreign Acc	5	275.0	275.0	290.2	----	0.60
Special Sits Inc	5	204.1	204.1	215.4	+0.1	1.00
Special Sits Acc	5	221.7	221.7	234.0	+0.1	1.00
PEP Inc	5	133.9	136.3	143.9	+1.4	1.35
PEP Acc	5	143.0	145.6	153.7	+1.5	1.35
Growth Inc	5	81.38	81.38	85.89	----	0.46
Growth Acc	5	81.71	81.71	86.24	----	0.46
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F						
5 Giltspur St, London EC1A 9DE 071-236 6441						
Dolphin Special Sits	5¼	119.2	119.2xd	127.4	+0.6	3.65
Dolphin Dividend	5¼	61.73	62.74xd	67.10	+1.25	6.55
Dolphin Int Inc & Gth	5¼	161.0	161.0xd	172.1	+0.9	3.63
Dolphin UK & Gen	5¼	34.49	34.69	37.10	+0.13	2.87
Dolphin Fund of Funds	5¼	47.25	49.23	52.65	+0.31	2.85
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA 041-332 3132						
Balanced Growth	6	75.83	75.87	81.15	+0.19	3.15
Do (Accum)	6	80.30	80.35	85.93	+0.20	3.15
Service Cos	6	62.21	62.21	66.53	+0.64	2.45
Do (Accum)	6	65.44	65.44	69.99	+0.67	2.45
Income Growth	6	42.22	42.22	45.15	+0.18	4.36
Do (Accum)	6	59.61	59.61	63.75	+0.26	4.36
Higher Yield	6	31.95	31.95xd	34.17	+0.14	4.49
Do (Accum)	6	40.32	40.32	43.13	+0.18	4.49
American Gth Inc	6	31.92	32.05	34.28	+0.21	1.51
Do (Accum)	6	32.53	32.66	34.93	+0.21	1.51
European Growth	6	25.84	25.84	27.64	-0.04	1.55
Do (Accum)	6	26.33	26.33	28.16	-0.04	1.55
Global Bond Inc	6	22.48	22.56	24.13	+0.03	6.47
Do (Accum)	6	25.98	26.08	27.89	+0.04	6.47
Managed P'folio Inc	6	24.97	25.05	26.80	+0.08	-
(Do Accum)	6	24.97	25.05	26.80	+0.08	-

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Geoffrey Morley Unit Mgrs Ltd (1200)F						
3 Bedford Park, Croydon CR0 2AQ 081-686 9818						
Exempt Unit Tst	4	116.49	116.49	124.07	+0.62	2.60
Exempt Smllr Cos	3½	221.44	221.44	240.73	+0.75	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ψ		300.5	300.5	320.4	-1.7	2.32
(Accum Units) ψ		351.5	351.5	375.4	-2.0	1.32
British		803.1	803.1	851.7	+5.0	5.84
(Accum Units)		1288.4	1288.4	1363.6	+8.0	5.84
European		322.6	322.6	342.5	+0.3	1.54
(Accum Units)		344.7	344.7	367.1	+0.3	1.54
Japan		119.0	119.0	126.4	+0.3	–
(Accum Units)		119.9	119.9	127.4	+0.3	–
New Pacific		176.1	176.1	187.2		1.93
(Accum Units)		180.8	180.8	192.2	+0.6	1.92
PEP July 19		136.1	136.1	144.0		3.86
Mngd Equity		122.7	122.5xd	130.7	+0.3	3.56
Mngd Equity Acc		131.2	131.2	138.9	+0.3	3.56
Mngd Cash		95.97xd	95.97xd	100.7	+0.1	10.87
(Accum Units)		113.7	113.7	119.3	+0.1	10.88
Stonehouse Unit Tst Mngrs Ltd (1200)F						
Sun Alliance Unit Tst Mngmt Ltd (1200)F						
Equity		606.6	614.3	657.0	+5.0	3.25
North American		78.06	78.88	84.36	-0.07	0.46
Far East		94.19	95.37	102.0	-0.3	0.74
W'wide Bond		46.94	47.10	50.11	+0.08	6.03
European		66.09	66.53	71.25	-0.36	1.73
Equity Income		71.01	71.90xd	76.90	+0.71	5.00
Portfolio		58.27	58.27	62.32	+0.05	2.16
Sun Life of Canada Unit Mgrs Ltd (1000)H						
American Growth		26.15	26.15	27.97	-0.11	0.51
Managed Assets		102.78	103.49xd	110.69	-0.38	4.02
UK Income		32.81	33.35	35.67	+0.15	4.67
UK Growth		32.86	33.31	35.63	-0.11	3.31
Worldwide Growth		24.43	24.43	26.13	-0.01	0.67
Sun Life Trust Mngmt Ltd (1200)H						
101 Cannon St, London EC4N 5AD						

	Bid Price	Offer Price	+ or −	Yield Gross
Edinburgh Fund Mngrs PLC				
American July 24	161.6	166.1	-0.6	1.51
Managed July 24	146.6	152.0	+1.4	3.78
Japan July 25	115.5	118.7xd	-3.4	0.08
Sm Jap Cos July 26	560.7	576.1	-19.5	0.08
Fidelity Investment Services Ltd				
Mngd Pens P'folio	132.1	135.41	+0.70	3.52
Robert Fleming Asset Mngmt Ltd				
Funds in Court*				
Capital July 17	493.46	497.00		2.47
Gross July 17	177.49	178.92xd		10.90
High Yield July 17	291.89	294.24		7.00
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pension Mngd	53.86	54.08	-0.38	4.09
INVESCO MIM Management Ltd				
Lazard Brothers & Co. Ltd				
Property Jan 3	£2360.0	2475.0		6.00
Inc Gth Prp Apr 16	£1325.0	1460.0		7.20
Lazard Investors Ltd ‡‡				

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd

National Financial Management Corp PLC

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Prosperity Life Assurance Ltd

Providence Capital Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Heritage Life Assurance Ltd—Contd.

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group (a)

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd (z)

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

Swiss Pioneer Life Plc

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AEtna Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

CMI Insurance Co Ltd—Contd.

Eagle Star Intl Financial Services

Equitable Life (International)

Family Life & Intl Life Assce Co Ltd

Fidelity Investment Life Insurance Ltd

Finance International Ltd

Fleming Life Assurance Co Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NEL Britannia International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

MANAGEMENT SERVICES

Altus Investment Services Ltd

James Campbell Financial Services

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

Adams & Nevile Fd Mngt (Guernsey) Ltd

BBV-Hambro Asst Mngt (Guernsey) Ltd

Baring Intl Fd Managers (Guernsey) Ltd

Equitable International Fund Managers Ltd

Gartmore Fund Managers Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

ECU Futures Plc

Edinburgh Money Management Ltd

Fairmount Financial Services Ltd

Hambros Fd Mgrs (CI) Ltd

Hornbuckle Financial Services(Pty) Ltd

IPS Lamont PLC

Independent Financial Group PLC

Johnson Fry Asset Managers Plc

Knight Williams & Company Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Macartney & Dowie Invest Mngt Plc

Northern Bingo & Partners

PBR Fund Management Ltd

Pendleton May Financial Services Ltd

Prolific International Mngmt Ltd

Rothschild Asset Management (CI) Ltd

Roxborough Financial Management Ltd

Sharp (Albert E) & Co.

Siltala Fund Management Limited

South Yorks Financial Planning

Charles Stanley & Co Ltd

Tattersall Investment Mngt. Ltd

Towry Law & Co

J. D. Ward Financial Services Ltd

Royal Bank of Canada Funds

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)

Adams & Nevile Fund Mngt (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Buchanan Global Investment Fund Ltd

Credit Suisse Asset Mngmt (Guernsey) Ltd

Dunbar Management (Guernsey) Ltd

Fipark-Council Fund Mngrs (Guernsey) Ltd

John Govett Mngmnt International Ltd

Hambros Fund Managers (CI) Ltd

Henderson Admin (Guernsey)

Hellenic Fund Management (Guernsey) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Kleinwort Benson Islamic Fd Mngt Ltd

Lazard Fund Managers (CI) Ltd

Merrill Lynch Guernsey

Nikko Capital Mngt (Europe) Ltd

Small International (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

Standard Fund Mngrs Ltd

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U.S. Treasury Securities Fund Ltd

Yamaichi Capital Mangmt (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (a)

29 Kildare Street, Dublin

MI Global Asset Mngmt Co Ltd "MI Trusts"

IRELAND (REGULATED)(**)

Bank of Ireland Unit Managers Ltd

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

John Govett – Contd.

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East Equity	5½	10.86	10.86	10.97	+0.03	1.0
US Smaller Cos	5½	12.48	12.48	12.61	+0.04	1.0
European Equity	5½	[illegible]	13.80	13.95	-0.04	2.0
UK High Income	5	£4.74	4.74xd	4.76		10.75
UK Equity	5½	£4.93	4.93	4.97	+0.02	3.0

Initial charge may alter for sales in other jurisdictions

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

PO Box 63 Bond Street, St Helier, Jersey 0534 76029

INVESCO MIM International (Jersey) Ltd

PO Box 271, St Helier, Jersey 0534 73114

Lloyds Bank (CI) U/T Mgrs.

PO Box 195 St Helier, Jersey 0534 27561

Midland Bank Fund Managers (Jersey) Ltd

PO Box 26, St Helier, Jersey 0534 606000

For MIM see INVESCO MIM

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gains against D-Mark

THE DOLLAR finished towards the top of the day's range in Europe yesterday, climbing above DM1.7500. Trading was subdued however showing no reaction to data on US personal income and consumption. Income in June rose at an unchanged 0.5 per cent, while consumption also rose at 0.5 per cent against 1.2 per cent in May, but these figures were in line with expections and had no impact.

US data later this week include leading indicators on Wednesday, followed by unemployment and non-farm payrolls on Friday.

At the London close the dollar had climbed to DM1.7530 from DM1.7385; to Y138.15 from Y137.80; to SFr1.5325 from SFr1.5155; and to FFr5.9600 from FFr5.9175. On Bank of England figures the dollar's index rose to 66.8 from 66.6.

Sterling also traded quietly, lacking fresh factors. Speculation that there will be no more cuts in UK bank base rates in the near future helped underpin the pound, but dealers said there was no reason to be aggressive about the currency in the absence of strong evidence about an economic recovery.

Comments by Mr Norman Lamont, chancellor of the exchequer, about "dramatic progress" in the economy and a "very good basis for recovery" failed to impress a market looking for hard economic news.

Sterling fell 1¼ cents to $1.6745 and also declined to Y231.25 from Y232.50 and to FFr.9.9800 from FFr9.9825, but improved to DM2.9350 from DM2.9325 and to SFr2.5650 from SFr2.5575. Its index lost 0.2 to 90.7.

The pound remained the third weakest member of the European exchange rate mechanism, ahead of the Danish krone and the bottom placed French franc. The franc has gained little if any support from the recent fall in French inflation below Germany's for the first time in 18 years.

Weakness of the franc in the ERM again prevented any reduction in official French interest rates at yesterday's tender in Paris to supply money market liquidity.

The peseta was firm at the top of the ERM, ahead of Thursday's tender for Spanish bills and bonds. The yield on 12-month bills is expected to increase from the established level of 12.036 per cent and bond yields may also be forced higher, according to traders.

The renewed strength of the D-Mark also caused some concern. It was reported in Frankfurt that the Bundesbank added funds to the domestic money market under section 17 of the Bundesbank act. This allows the central bank to lend funds, held by itself on behalf of public authorities, for a short term to the banking system.

It was done as call money traded near to the Lombard emergency financing rate of 9 per cent, on continued speculation about a possible rise in official German rates at next month's first Bundesbank council meeting after the summer recess.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jul 29	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.341	-3.96	5.39	69
Italian Lira	1538.24	1532.47	-0.38	1.60	24
Belgian Franc	42.4032	42.2796	-0.29	1.52	20
D-Mark	2.05586	2.05172	-0.20	1.42	20
Dutch Guilder	2.31643	2.31310	-0.14	1.37	13
Irish Punt	0.767417	0.767716	0.04	1.18	4
Sterling	0.696904	0.698845	0.28	0.94	-6
Danish Krone	7.84195	7.93432	1.18	0.04	-48
French Franc	6.89509	6.97924	1.22	0.00	-60

£ IN NEW YORK

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

* Selling rate.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 7¾-7⅝ per cent; three years 7⅞-7¾ per cent; four years 8⅛-8 per cent; five years 8⅜-8¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

July 29	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.675	2.935	231.3	9.980	2.565	3.308	2192	1.924	60.45	1.434
$	0.597	1	1.752	138.1	5.958	1.531	1.975	1309	1.149	36.09	0.856
DM	0.341	0.571	1	78.81	3.400	0.874	1.127	746.8	0.656	20.60	0.489
YEN	4.323	7.242	12.69	1000.	43.15	11.09	14.30	9477	8.318	261.3	6.200
F Fr.	1.002	1.678	2.941	231.8	10.	2.570	3.315	2196	1.928	60.57	1.437
S Fr.	0.390	0.653	1.144	90.18	3.891	1	1.290	854.6	0.750	23.57	0.559
H Fl.	0.302	0.506	0.887	69.92	3.017	0.775	1	662.6	0.582	18.27	0.433
Lira	0.456	0.764	1.339	105.5	4.553	1.170	1.509	1000.	0.878	27.58	0.654
C$	0.520	0.871	1.525	120.2	5.187	1.333	1.719	1139	1	31.42	0.745
B Fr.	1.654	2.771	4.855	382.6	16.51	4.243	5.472	3626	3.183	100.	2.372
ECU	0.697	1.168	2.047	161.3	6.960	1.789	2.307	1529	1.342	42.15	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE BUND FUTURES OPTIONS

LIFFE EURODMARK OPTIONS

LIFFE EURODOLLAR OPTIONS

LIFFE SHORT STERLING OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls September	Calls December	Calls March	Puts September	Puts December	Puts March
102	-	-	-	0.05	0.37	-
103	1.52	-	-	0.16	0.63	-
104	0.77	1.37	-	0.41	0.99	-
105	0.29	-	-	0.95	1.48	-
106	0.09	0.55	0.89	1.73	-	-
107	0.03	0.32	-	2.68	-	-
Open Int	144,133	41,904	9,060	105,779	25,876	16,250

Estimated volume 16,210 Total Open Interest 343,002

POUND - DOLLAR

BASE LENDING RATES

	%		%		%
Adam & Company	11	Co-operative Bank	11	McDonnell Douglas Bnk	11
Allied Trust Bank	11	Coutts & Co	11	Midland Bank	11
AIB Bank	11	Cyprus Popular Bk	11	Mount Banking	11
● Henry Ansbacher	11	Dunbar Bank PLC	11	NatWestminster	11
B & C Merchant Bank	11	Duncan Lawrie	11	Northern Bank Ltd	11
Bank of Baroda	11	Equatorial Bank plc	11	Nykredit Mortgage Bank	12
Banco Bilbao Vizcaya	11	Exeter Bank Limited	11½	Provincial Bank PLC	14
Bank of Cyprus	11	Financial & Gen. Bank	12	Roxburghe Bank Ltd	12.5
Bank of Ireland	11	First National Bank Plc	14	Royal Bk of Scotland	11
Bank of India	11	● Robert Fleming & Co	11	● Smith & Williamson Secs	11
Bank of Scotland	11	Robert Fraser & Ptnrs	11½	Standard Chartered	11
Banque Belge Ltd	11	Girobank	11	TSB	11
Barclays Bank	11	● Guinness Mahon	11	Unibank plc	11
Benchmark Bank	11.5	● Hambros Bank	11	● United Bk of Kuwait	11
Brit Bk of Mid East	11	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	11
● Brown Shipley	11	Heritable & Gen Inv Bnk	11	Western Trust	11
CL Bank Nederland	11	● Hill Samuel	11	Westpac Bank Corp	11
Citibank NA	11	C. Hoare & Co	11	Whiteaway Laidlaw	11
City Merchants Bank	11	Hongkong & Shanghai	11	Yorkshire Bank	11
Clydesdale Bank	11	● Leopold Joseph & Sons	11		
Comm.Bk.of London Plc	11	Lloyds Bank	11		
		Meghraj Bank Ltd	11		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

London rates firm

INTEREST RATES had a firm tone in London yesterday after Sunday's comment from Mr John Maples, UK Treasury economic secretary.

He said there is less room for manoeuvre because UK rates are now only 2 percentage points higher than in Germany, compared with 7 points last October. His remarks followed a cautiously optimistic assessment of Britain's economic prospects in the latest issue of the Treasury Bulletin.

UK clearing bank base lending rate 11 per cent from July 12, 1991

Three-month sterling interbank rose to 11$\frac{3}{16}$-11$\frac{1}{16}$ from 11⅛-11 per cent, while 12-month money was steady at 10$\frac{15}{16}$-10$\frac{13}{16}$ per cent.

Caution about interest rate prospects pushed prices of short sterling futures lower on Liffe. September delivery fell to 89.18 from 89.28 and the December contract declined to 89.62 from 89.74.

A large shortage of day-to-day credit on the cash market prompted the offer of early assistance from the Bank of England. The shortage was initially forecast at £950m, but was revised to £1,100m at noon and to £1,050m in the afternoon. Total assistance of £817m was provided.

In early operations the authorities bought £13m bills outright, by way of £8m bank bills in band 1 at 10⅞ per cent and £5m bank bills in band 2 at 10⅞ per cent. Before lunch another £505m bills were purchased, via £481m bank bills in band 1 at 10⅞ per cent and £24m bank bills in band 2 at 10⅞ per cent.

In the afternoon £209m bills were bought, through £187m bank bills in band 1 at 10⅞ per cent and £22m bank bills in band 2 at 10⅞ per cent. Late assistance of around £90m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,622m, with bank balances below target absorbing £50m. These outweighed exchequer transactions adding £105m to liquidity and a fall in the note circulation of £615m.

In Paris the Bank of France left its money market intervention rate at 9 per cent and its five to 10-day repurchase rate at 10 per cent at yesterday's securities repurchase tender.

In Brussels the Belgian National Bank kept its seven-day advances rate at 8¾ per cent at a tender against government paper and commercial bills.

In Frankfurt the Bundesbank added money market liquidity as call money rose to 8.85 from 8.80 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 29) 3 months US dollars — bid 5⅞ — offer 6⅛ | 6 months US Dollars

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

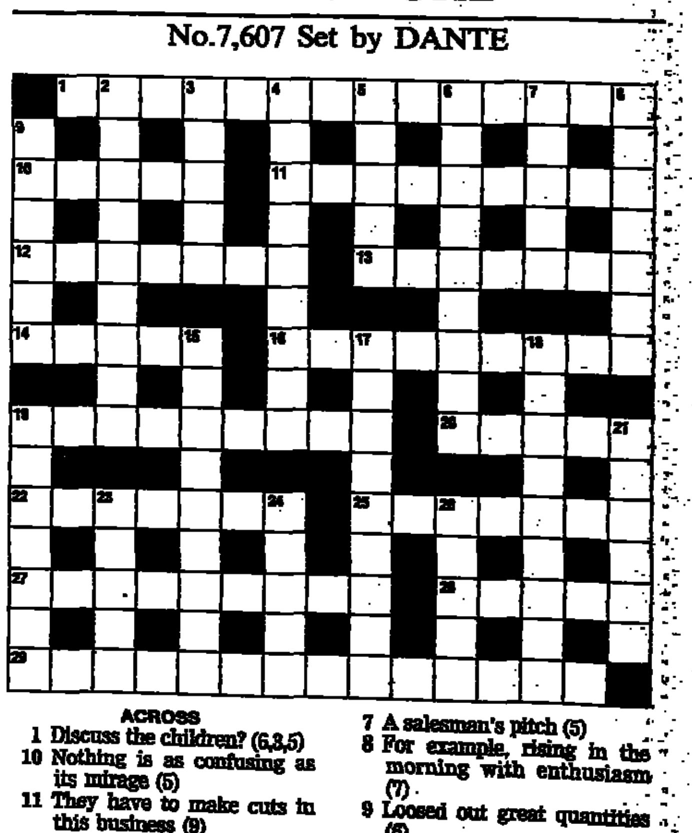
Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

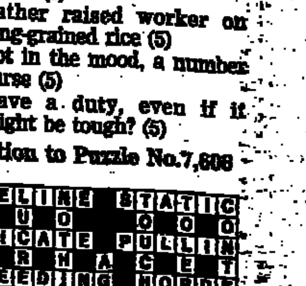
No.7,607 Set by DANTE



ACROSS
1 Discuss the children? (6,3,5)
10 Nothing is as confusing as its mirage (5)
11 They have to make cuts in this business (9)
12 Permit bad behaviour? (7)
13 Erudite man or youngster in form (7)
14 Dignified way to help (5)
16 Dressed to go in for dinner? (4-5)
19 Taken aback, ride with spurs recklessly (9)
20 Dismisses part of the wind section, we hear (5)
22 Like news maybe, from the Capitol? (7)
25 Contrasting points in a track promoter (7)
27 Where Catholics get together without discrimination (2,3,4)
28 A common plant in spring or September (5)
29 Be resolute in tackling the job, but risk getting stung (5,3,6)

DOWN
2 Professorial sinecure to fall back on (4,5)
3 Vicar has no head for crime (5)
4 French private (5,4)
5 Calls for showers (5)
6 Hot lines upset Rose Smith (9)
7 A salesman's pitch (5)
8 For example, rising in the morning with enthusiasm (7)
9 Loosed out great quantities (6)
15 Shop-soiled goods are, no doubt (4,5)
17 The family man most likely to succeed (6,8)
18 Down the line from Lancaster (9)
19 Brooding in a chair (7)
21 It's best drunk or put in a sweet (6)
23 Father raised worker on long-grained rice (5)
24 Not in the mood, a number curse (5)
26 Have a duty, even if it might be tough? (5)

Solution to Puzzle No.7,606



WORLD STOCK MARKETS

AUSTRIA — BELGIUM/LUXEMBOURG — DENMARK — FINLAND — FRANCE — FRANCE (continued) — GERMANY — GERMANY (continued) — ITALY — NETHERLANDS — NORWAY — SPAIN — SWEDEN — SWEDEN (continued) — SWITZERLAND — SOUTH AFRICA — JAPAN — AUSTRALIA — AUSTRALIA (continued) — HONG KONG — MALAYSIA — SINGAPORE

[illegible]

Price data supplied by Telekurs.

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) Unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

3:00 pm prices July 29

Quotations in cents unless marked $

[illegible]

MONTREAL

3:00 pm prices July 29

1100	DomlnTxt A	$6¼	6½	6½	−¼
3800	MacleanHnt	$10⅛	10½	10½	
700	Memotec	$9⅝	9⅝	9⅝	+⅛
40900	NatBk Can	$11	10⅞	11	+⅛
2100	Provigo	$11½	11⅜	11⅜	−⅛
2100	Quebecor A	$17½	17½	17½	
3800	Videotron	$14⅛	13⅞	14	

Total Sales 7,298,400 shares

INDICES

NEW YORK

DOW JONES	July 26	July 25	July 24	July 23	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
◊Industrials	2972.50	2980.18	2966.23	2983.23	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.86	94.79	94.86	94.70	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1206.10	1208.74	1193.58	1202.40	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	202.97	201.65	200.52	200.26	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

◊Day's High 2994.86 (2999.11) Low 2953.26 (2947.23)

STANDARD AND POOR'S

	July 26	July 25	July 24	July 23	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	380.93	380.96	378.64	379.42	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	453.49	454.01	451.11	452.85	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	30.83	30.10	29.92	30.11	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	208.78	208.78	207.69	208.22	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	364.51	365.07	364.81	367.38	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	492.69	490.28	487.42	489.65	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July 19	July 12	July 5	year ago (approx.)
Dow Industrial Div. Yield	3.04	3.08	3.14	3.64

	Jul 24	Jul 17	Jul 10	year ago (approx.)
S & P Industrial div. yield	2.77	2.74	2.79	2.94
S & P Ind. P/E ratio	19.02	19.74	18.89	16.95

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Bk. Boston	2,714,900	10¼	+ ⅛
Pepsico	2,173,700	29⅝	- ⅛
AT & T	1,772,500	39⅞	+ ⅛
Shawmut Nat.	1,763,000	7⅞	+ ⅝
Du Pont	1,551,200	48⅜	+ ¼
Int. Special	1,456,200	14⅝	- 1⅛
Merrill Lynch	1,347,500	40⅞	+ ⅛
GTE Corp.	1,305,800	29¼	- ⅛
Hanson	1,284,800	29	+ 1⅛
BankAmerica	1,212,100	33⅞	- ⅛

TRADING ACTIVITY

† Volume Millions	July 26	July 25	July 24
New York SE	127.690	145.510	158.530
Amex	9.041	9.861	11.043
NASDAQ	124.564	134.743	147.251
NYSE			
Issues Traded	2,032	2,047	2,084
Rises	765	879	660
Falls	718	646	880
Unchanged	549	522	544
New Highs	42	48	36
New Lows	8	12	9

CANADA

TORONTO	July 26	July 25	July 24	July 23	1991 HIGH	1991 LOW
Metals & Minerals	3205.15	3229.12	3212.25	3217.36	3299.99 (18/7)	2632.06 (9/1)
Composite	3524.72	3523.09	3518.62	3535.40	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1867.41	1871.29	1866.25	1876.33	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	July 29	July 26	July 25	July 24	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1567.5	1563.1	1559.8	1572.6	1572.6 (24/7)	1284.5 (16/1)
All Mining (1/1/80)	708.2	708.7	699.6	707.2	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	468.05	471.33	472.52	473.05	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1124.21	1126.85	1128.95	1134.11	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	375.21	374.60	374.80	376.53	380.01 (16/7)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1020.0	1002.7	1000.7	997.3	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	467.83	469.72	467.27	467.25	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1757.90	1767.66	1780.01	1778.07	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	667.82	672.77	672.46	677.59	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1888.1	1895.1	1898.2	1912.1	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1605.57	1605.64	1615.38	1621.69	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4016.29	4031.29	4012.62	4028.77	4031.29 (26/7)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1420.39	1405.26	1399.31	1415.91	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	568.94	571.82	571.55	574.08	619.38 (5/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	23443.58	23519.07	23332.71	23297.47	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1826.94	1833.60	1818.23	1815.21	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3062.32	3069.78	3065.68	3062.69	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	607.11	605.46	599.97	601.28	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	280.3	279.7	280.6	280.6	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.7	199.3	199.9	199.9	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	759.56	762.46	761.10	764.35	792.13 (4/6)	618.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	999.92	996.58	988.91	1003.68	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	402.15	405.21	404.86	405.87	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1362.0	1307.0	1284.0	1319.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4013.0	3958.0	3929.0	3961.0	4047.0 (19/7)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	714.27	674.34	664.32	666.10	714.27 (29/7)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	268.19	268.03	266.92	268.64	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	1108.30	1105.50	1111.60	1126.70	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	760.2	761.1	761.3	760.6	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	629.4	630.3	631.3	631.6	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5185.59	4957.89	5054.58	5085.91	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	(u)	742.41	728.59	728.43	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) (§)	500.1*	501.6	498.3	499.9	529.2 (17/4)	439.1 (16/1)

**Saturday July 27: Taiwan Weighted Price: 5140.30 Korea Comp Ex. 693.22.

§ Subject to official recalculation. *Calculated at 15.00 GMT.

Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 29 July 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Showa Shell S	4.3m	1,070	+100	General Sekiyu	2.8m	1,420	+40
Nippon Carbon	3.5m	950	+11	Mitsubishi Heavy	2.4m	726	-3
Nippon Oil	3.6m	978	+38	Nomura Secs	2.2m	1,770	+20
Nippon Steel	3.0m	416	-7	Mitsubishi Mat.	2.1m	617	-11
Mitsubishi Kasei	3.0m	489	+11	Clarion	2.1m	1,140	+10

3:15 pm prices July 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
18¾	9⅛	AAR Corp	0.48	0.03	17	297	u18⅞	18¼	18⅜	-⅛
18⅞	14½	A L Labs A	0.16	0.01	20	z100	17⅞	17⅞	17⅞	
55¾	40⅞	AMP Inc	1.44	0.03	20	601	52⅞	52⅛	52⅝	+⅛
68⅝	44¼	AMR			11	1225	62⅛	61	61⅞	+⅝
2⅝	1¼	ARX			1	27	1⅜	1⅜	1⅜	-⅛
56	41½	ASA	3.50	0.07	14	838	50½	50⅛	50⅛	-⅝
54	39⅛	Abbott Lab	1.00	0.02	22	2184	52½	51⅝	52½	+½
14½	9⅞	Abitibi Pr	0.50	0.04	25	z100	13⅞	13⅞	13⅞	
11⅝	10⅛	ACM Gvt In	1.26	0.11		390	11	10⅞	11	
9¾	8¾	ACM GvOpp	1.01	0.11		234	9¼	9⅛	9¼	
9⅛	8¼	ACM Gvt Sp	1.01	0.11		178	9	8⅞	8⅞	
11	9⅞	ACM Gvt Se x	1.26	0.12		261	10½	10⅜	10½	-⅛
8⅝	7⅝	ACM Man	1.01	0.12		635	u8⅝	8⅛	8⅝	+⅛
12⅞	11½	ACM Managd	1.35	0.11		279	12⅛	12⅛	12⅛	-⅛
7½	4¼	Acme Cleve x	0.40	0.06	17	24	6⅞	6⅝	6⅝	
6	3½	Acme Elect			38	42	3⅞	3⅞	3⅞	+⅛
40	22¼	Acuson			23	151	34⅝	33⅞	34¼	+⅛
16½	14¼	Adams Expr	0.48	0.03	0	98	16⅛	16⅛	16⅛	-⅛
20⅛	17⅝	Adobe12Pf x	2.40	0.13		24	17⅞	17⅞	17⅞	
9¼	6⅛	Adobe Res			20	5	7⅛	7⅛	7⅛	
38⅛	18	Ad Micro				107	33½	33	33½	-⅛
14¼	4⅝	Ad Micro P	3.00	0.29	17	3380	10⅜	10⅛	10⅜	
5⅛	2¼	Advest Grp	0.16	0.04	6	36	4⅛	4⅛	4⅛	-⅛
49⅛	33⅞	Aetna LI x	2.76	0.08	6	4369	36½	34⅞	35½	-1
10⅝	6⅝	Affil A	0.24	0.03	45	754	8⅜	8⅛	8⅛	-⅛
20¼	12	Ahmanson	0.88	0.05	10	584	17½	17¼	17⅜	+⅛
12⅞	2⅞	Aileen Inc			14	158	10⅜	10⅜	10⅜	+⅛
74⅛	51⅞	Air Pr Chm	1.56	0.02	14	858	65¼	63⅛	65½	+2⅛
38⅛	16⅝	Airbne Frt	0.30	0.01	19	2172	u30	28⅝	29⅝	+1⅛
18⅞	12½	Airgas Inc			73	251	15½	15½	15½	+⅛
15⅛	10	Airlease	2.08	0.17	6	22	12⅛	12	12⅛	+⅛
94	88¼	AlaPw8.16				z100	93	93	90	-3
25⅛	21⅛	AlaPw PfA	2.00	0.08		11	u25⅛	25⅛	25⅛	
104½	100	AlaPw9.44				z100	102	102	101	-1
108	102⅞	Alab Pw 11				2	104	104	104	

NYSE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Continued from previous page

- S -

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
60¾	35¼	Xerox	3.00	0.05	10	1800	57¾	57⅛	57⅝	+⅜
51	43¼	Xerox4.125				z100	u61	61	50½	−½
21¼	14⅛	Xtra 1.94				3	20½	20½	20⅝	
24⅞	14¼	Xtra Corp	0.72	0.03	28	25	22⅝	22¼	22⅜	+⅛
24⅞	21⅞	Yankee Egy	1.60	0.07	12	34	22⅞	22⅝	22⅞	+⅛
1½	⅝	Zapata			0	71	¾	¾	¾	−⅛
9⅞	6⅛	ZenithElec			2	122	8⅝	8½	8⅝	+⅛
18½	12	Zenith Nat x	1.00	0.06	73	60	17⅝	17⅝	17¾	
8¼	4½	Zeelz Inc x	0.84	0.14		19	5⅞	5⅞	5⅞	
16⅛	10⅞	Zero Corp	0.40	0.03	16	19	13⅞	13½	13⅞	+¼
47⅞	29½	Zurn Ind	0.88	0.02	14	79	36½	36¼	36¼	−⅛
13½	10¼	Zweig Fund	1.12	0.09		73	12¼	12½	12⅝	
10	8½	Zweig Totl	0.96	0.10		273	9⅞	9¾	9¾	

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices July 29

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
Giant FdA	0.66	13	167	28⅝	28¼	28¼	
GlatfItr	1.20	15	4	57⅞	57⅞	57⅞	−⅛
Goldfield		24	34	⅛	d⅛	⅛	
Greenman		24	2	3⅝	3⅝	3⅝	+⅛
Greiner	0.20	18	24	14⅞	14⅞	14⅞	−¼
GRI Corp		77	12	3⅞	3⅞	3⅞	+⅛
Gulf Cda	0.40	10	2	7⅛	7⅛	7⅛	
Hasbro x	0.24	18	367	28⅞	28⅛	28⅛	
[illegible]							
Nat Pint		1	90	3¾	3⅝	3⅝	−⅛
New Line		16	200	10	9⅝	10	+⅜
NY TimesA	0.56	53	1615	22	21¾	22	
NthCanOil	0.20	27	25	13¼	13¼	13½	+⅛
Numac O&G		44	2	5	5	4⅞	
NY Ryan		0	10	⅛	⅛	⅛	
Oeudco A		20	15	5	4⅞	5	
Olsten	0.24	30	84	21	20⅞	21	
Oil Corp	0.14	15	50	8⅞	8⅞	8⅞	+⅛
Pall Corp	0.44	28	300	37½	37⅛	37¼	−½
Pegasus G		6	107	13⅝	13⅛	13⅛	−¼
Perini		7	17	10⅝	10⅝	10⅝	+⅛
Pet HR&P	0.31	12	10	10¼	10¼	10¼	
Phil LD	0.17	8	743	20⅜	19⅞	20⅜	+1
Pitway A	1.10	10	17	24	23⅞	23⅞	+⅛
Ply Gem x	0.12	57	128	7⅛	6⅞	6⅞	−¼
[illegible]							
Xytronix							

NASDAQ NATIONAL MARKET

3:15 pm prices July 29

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

- B -

[illegible]

- C -

[illegible]

- D -

[illegible]

- E -

[illegible]

- F -

[illegible]

- G -

[illegible]

- H -

[illegible]

- I -

[illegible]

- J -

[illegible]

- K -

[illegible]

- L -

[illegible]

- M -

[illegible]

- N -

[illegible]

- O -

[illegible]

- P - Q -

[illegible]

- R -

[illegible]

- S -

[illegible]

- T -

[illegible]

- U -

[illegible]

- V -

[illegible]

- W -

[illegible]

- X - Y - Z -

[illegible]

FINANCIAL TIMES

Tuesday July 30 1991

AMERICA

Dow subdued in spite of positive economic data

Wall Street

SHARE prices remained in a slump yesterday morning, in spite of a buoyant UK stock market, some brighter news on the economy and lower bond yields, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 4.70 at 2,967.80 after a morning spent a few points below opening values. The more broadly-based Standard & Poor's 500 was also weaker in midsession, dropping 0.20 to 380.73 by 1 pm, while the Nasdaq composite of over-the-counter stocks gave up 2.42 at 526.02. Turnover on the New York SE was very light at 73m shares by 1 pm.

Although the day's economic figures were positive – a 0.5 per cent rise in both June consumer spending and personal income – market response was muted. The lack of a direction from blue chips or cyclical stocks, the absence of really promising economic data, and uncertainty about the Federal Reserve's interest rate policy has kept investors away.

Among individual stocks, an imbalance of orders on the sell side delayed the opening in Convex Computer. When trading finally began, the stock dropped \$1⅝ to \$10⅝ on turnover of 1.2m shares in the wake of downgradings by two securities houses. Analysts at Salomon Brothers and Hambrecht & Quist lowered their ratings on the company following Convex's second quarter loss, which was almost double what Wall Street had been expecting. Convex shares have now lost almost a third of their value since Friday's earnings announcement.

Hibernia jumped \$1⅛ or 25 per cent to \$5⅝ on reports that NCNB, the large regional banking group, was considering injecting capital into the Louisiana-based bank. Hibernia later confirmed that it was looking at ways of enhancing its capital position. NCNB, which only last week agreed to merge with C&S/Sovran, eased \$⅝ to \$3¼. C&S/Sovran fell \$⅛ to \$26⅝.

Kemper Corporation added \$1⅛ at \$31⅝ on news of second quarter profits of \$1.10 a share, compared to a loss of \$2.28 a share last year. The latest earnings were above expectations.

On the over-the-counter market, profit-taking sent Microsoft tumbling \$1⅞ to \$69½. CIS Technologies plummeted \$2 to \$5⅝ after a US business magazine questioned the company's market valuation of 76 times current earnings, in the light of its business prospects and its plan for expansion through acquisitions. Another big fall was posted by Vicorp Restaurants, down \$3⅞ at \$27⅞ after a Montgomery Securities analyst lowered his earnings estimates and downgraded his rating for the stock.

Canada

TORONTO was mixed in slow trading at midday. The composite index gained 7.2 to a session high of 3,531.9. Declines led advances by 170 to 155 in volume of 9.2m shares.

IAF Biochem jumped C\$1¼ to C\$28⅝ after announcing that it would start human clinical trials on the Aids compound 3TC.

After sliding on profit-taking recently, bank shares rose on hopes of lower interest rates. Elsewhere, Archer Communications rose C\$⅝ to C\$5⅛. The company said that it had restructured its loan arrangement with J and C Resources for the complete repayment of the loan, including interest.

Japan takes pole position among majors

MARKETS IN PERSPECTIVE

	% change in local currency † 1 Week	4 Weeks	1 Year	Start of 1991	% change sterling † Start of 1991	% change in US $ † Start of 1991
Austria	-2.89	-3.11	-32.04	+4.70	+3.40	-9.62
Belgium	-1.00	-1.55	-13.61	+12.56	+11.48	-2.56
Denmark	-1.23	+2.72	+0.68	+26.77	+24.64	+6.95
Finland	+2.92	+0.12	-19.21	+10.39	+9.39	-4.38
France	+0.24	+1.17	-11.44	+15.36	+13.47	-0.82
Germany	-1.12	-1.37	-19.23	+11.22	+9.43	-4.34
Ireland	+2.40	+3.04	-11.97	+19.60	+16.35	+3.46
Italy	+0.80	-2.63	-23.15	+10.10	+9.46	-4.32
Netherlands	-0.44	+1.01	+1.50	+20.04	+18.16	+3.29
Norway	-1.03	+0.95	-16.45	+10.82	+9.99	-3.86
Spain	+0.65	-2.79	-10.45	+19.65	+20.27	+5.13
Sweden	-3.14	-1.98	-10.97	+33.61	+36.31	+19.15
Switzerland	-0.96	+3.52	-3.67	+24.30	+19.64	+4.58
UK	+1.92	+6.99	+9.04	+20.35	+20.35	+5.20
EUROPE	+0.56	+2.80	-4.54	+17.69	+16.69	+2.00
Australia	+0.28	+3.29	+0.31	+23.47	+42.35	+24.44
Hong Kong	+0.66	+10.28	+16.26	+37.65	+58.45	+38.49
Japan	+2.58	+1.38	-17.07	+6.08	+19.46	+4.42
Malaysia	+1.68	-1.89	-5.63	+11.33	+23.48	+7.93
New Zealand	-2.80	-1.25	-28.83	+10.61	+23.07	+7.56
Singapore	+4.14	+2.55	-7.68	+25.88	+43.06	+25.05
Canada	-0.97	+1.50	-0.15	+6.37	+22.80	+7.64
USA	-0.85	+2.74	+7.45	+15.71	+32.37	+15.71
Mexico	-0.07	+15.89	+113.62	+99.78	+123.81	+95.64
South Africa	-4.28	+3.32	+5.86	+25.23	+49.62	+30.78
WORLD INDEX	+0.57	+2.41	-4.38	+13.39	+24.47	+8.80

† Based on July 26th 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Ltd

By William Cochrane

AFTER an inauspicious start last week, with volume in the Tokyo equity market falling last Monday to its lowest level in nearly five years, Japan took pole position among the majors.

The FT-Actuaries World Index rose 0.6 per cent in local currency terms; this was matched by Europe, itself outpaced by a UK market looking for economic recovery. Among the biggest names, the laggards were Germany, which saw inflation marginally higher than expected; Sweden, which had profits to take and a reporting season to come; and the US.

The US last week delivered a series of mostly disappointing economic statistics, and by Friday some economists were talking of a "double dip" recession – saying, in effect, that the recession which bottomed out a month or two ago would take hold again, and drop the US economy into a second trough later this year.

Volume in Tokyo shrank to only 160m shares last Monday, before an after-hours announcement that the chairman of Nomura Securities, the leading Japanese securities house, had taken responsibility for a succession of financial scandals involving the company and had resigned his position.

Last Thursday the Japanese finance minister Mr Ryutaro Hashimoto told the finance committee of the Diet (parliament) that he, too, had considered resigning. However, by that time the Nikkei index had already enjoyed a 2.3 per cent climb on Wednesday, short-term interest rates were falling, and by Friday volume had climbed to 300m shares as the Nikkei scored its fourth daily gain in succession.

The week's best performing market was also in the Pacific Basin. Singapore, subdued in the second quarter of this year after a stirring performance in the first three months, put up the best rise of the week, 4.1 per cent in local currency terms.

Singapore had its best day when Tokyo had its worst, on Monday. Mr Michael Franklin of Kim Eng Securities in London says this followed strong export growth in the trade figures released over the previous weekend. Dealers talked of firm buying, focused on index stocks, in thin volume.

Later in the week the market reported activity in plantation shares as the Soviet Union negotiated for credits from Malaysia to boost its imports of palm oil.

This news reacted directly on the Kuala Lumpur Stock Exchange, which also showed a useful gain on the week, but also to the benefit of Singapore, which has a long tradition of dealing in Malaysian plantation and mining stocks.

The week's worst performance came from Johannesburg, and its mining shares. South Africa's slush fund scandal and falling precious metals prices were reflected in a drop of 3 per cent in industrials and around 10 per cent in gold shares.

The price of platinum, meanwhile, fell below that of gold for the first time in some years; there was talk that Japanese carmakers were selling surplus stocks of the metal.

ASIA PACIFIC

Nikkei falls as leading brokers reveal names

Tokyo

THE Nikkei average moved nervously in a narrow range following reports in a local newspaper revealing the names of clients compensated by brokerages for their trading losses, *writes Emiko Terazono in Tokyo.*

After the close the four leading brokerages announced that compensation amounting to Y128.3bn had been paid to 228 companies and 3 individuals. They also named the recipients, which included Japan's top industrial companies – for example, Toyota Motor, Nissan Motor, Hitachi and Matsushita Electric Industrial – as well as 17 public sector funds.

The Nikkei declined 75.49 to 23,443.58 on light selling towards the close, after moving between a high of 23,664.92 and a low of 23,418.08 during the day. Volume was thin at 180m shares as investors retreated to the sidelines. Falls led advances by 542 to 339, with 207 issues remaining unchanged. The Topix index of all first section stocks slipped 7.56 to 1,826.04, but in London the ISE/Nikkei 50 index firmed 1.26 to 1,399.39.

While the leaks in local papers made investors cautious, there was no large-lot selling. Traders said the negative effects had already been discounted into share prices.

Some traders said concern over the identity of the individuals who were compensated could depress sentiment on fears that they might be politicians, or members of crime syndicates.

Securities houses rallied on the disclosure, as some investors believed that the negative factors were now exhausted. Nomura Securities improved Y20 to Y1,770 and Nikko Securities Y10 to Y920.

Companies named as receiving compensation were unaffected. Matsushita put on Y10 to Y1,690 and Nippon Oil added Y28 at Y978.

Canon, the camera maker, moved ahead Y20 to Y1,570. The company's projection of a 3 per cent incease in pre-tax profits to a record Y76bn for the current year encouraged some investors.

Showa Shell Sekiyu, a leading oil refiner, rose Y190 to Y1,670 on the company's forecast of a 110 per cent jump in pre-tax profits for the current year to Y45bn.

Other oil-related stocks were stronger on reports that Saudi Arabia would step up its oil refining and distribution. General Sekiyu climbed Y40 to Y1,420.

In Osaka, the OSE average rose 16.39 to 26,115.57 on volume of 11.8m shares. Gains were trimmed in the afternoon as nervousness prevailed, but the market was supported by light buying towards the close. Machinery issues, electricals and power utilities gained ground.

Roundup

THE PACIFIC Rim was mixed yesterday.

NEW ZEALAND closed higher in a pre-budget rally, ending a series of seven consecutive declines. The NZSE-40 index retrieved 17.27 or 1.2 per cent to 1,447.43 in turnover of NZ\$31.3m, against NZ\$32.6m.

The market hoped that the budget, due today, would contain spending cuts that would maintain the downward trend in interest rates. The stock exchange will extend business hours until 9.30pm local time (0930 GMT) today to allow trading after the budget is announced.

TAIWAN was encouraged by a government report that the local economy might be recovering. The weighted index gained around 80 points in the first hour of trading but then receded on profit-taking to close 45.29 ahead at 5,185.59 in turnover of T\$42.03bn, after Saturday's half-day T\$26.9bn.

AUSTRALIA firmed in slow trading. The All Ordinaries index edged up 4.4 to 1,567.5 in turnover of A\$177m, after Friday's high A\$552m that was boosted by options expiry.

TNT jumped 15 cents or 22 per cent to 83 cents in fairly heavy volume of 5.7m shares on expectations that it will announce a venture in Europe which will help reduce its debt load. The shares had dropped over recent months from a year's high of A\$1.67 on concern over TNT's borrowing.

BOMBAY climbed to its second successive record high in spite of restrictions on forward trading to curb speculation. The BSE index touched 1,679.95 before closing at 1,637.70, up 37.72 or 2.42 per cent. Synthetic fibres rose sharply after a customs duty cut.

KUALA LUMPUR was mixed as the interim earnings season opened. The composite index gained 1.65 to 607.11 in turnover of M\$96.6m (M\$38.7m).

Telekom Malaysia added 20 cents at M\$11.40 after reporting a doubling in interim profits.

SINGAPORE fell in thin trading with the hotel sector leading the losses. The Straits Times Industrial index lost 10.05 to 1,494.82 and the all-hotels index fell 3.5 per cent or 17.72 to 486.95.

Monday's volume was inflated by the debut of CSA Holdings, in which 23.4m shares were traded. CSA was offered at 80 cents and closed at S\$1.17.

MANILA traded in a narrow range for most of the day. The composite index moved up 3.34 to 999.92 in turnover of 97.2m pesos, after 126.6m.

HONG KONG consolidated last week's gains. The Hang Seng index slipped 15 points to 4,016.29 in turnover of HK\$1.6bn, against HK\$1.9bn.

JAKARTA continued to move forward on hopes of a cut in deposit rates this week. The index rose 5 points to 337.43 on volume of 6.42m shares.

EUROPE

Continent neglected as UK rallies to new highs

THE UK's rally to record highs yesterday was another excuse for investors to neglect the continental bourses until the Bundesbank moved on interest rates, *writes Our Markets Staff.*

PARIS was disappointed that the Bank of France left the intervention rate unchanged at 9 per cent. The CAC 40 index fell 9.76 to 1,757 in average volume of FFr1.7bn. Dealers said that trading was dominated by arbitrage activity ahead of the expiry of options in the next few days. They added, however, that there were few sellers of stock around.

The day's biggest casualty was one of the market's more volatile stocks, the temporary employment company, Ecco. It fell FFr19.90 or 5.5 per cent to FFr340 on news of problems with the sale of a 70 per cent stake in the financial services company, Crédit Moderne, to Navigation Mixte last November. The French daily les Echos said Navigation Mixte was expected to claim between FFr150m and FFr200m.

A slanging match between Peugeot's chairman and a cabinet minister on an EC accord to limit Japanese car imports prompted some selling of the car company, which fell FFr6 to FFr585 with additional pressure from the approaching options expiry.

Lyonnaise des Eaux-Dumez recovered after last week's weakness on its managing director's weekend forecast of higher profits. The stock rose FFr8 to FFr515.

FRANKFURT pierced the 1,600 level on the DAX early in the session, dipping to 1,591.03. But then it recovered to close only 0.07 lower on the day at 1,605.57, after a 5.25 fall to 667.02 in the FAZ at midsession.

Mr Jens Wiecking at Merck Finck in Düsseldorf said that the recovery was due to short-covering when sales volume failed to appear after a bearish start. Subsequent bargain-hunting took place at only some 500 shares a deal and German market turnover fell from DM3.5bn to DM2.9bn.

Banks saw some improvement despite their sensitivity to the expected increase in interest rates. Bayernhypo rose DM6 to DM352 and Bayernverein by DM5.50 to DM387 as the latter put a good interim statement. Dresdner rose DM5 to DM356.50 after hours on a report that Allianz, the insurer, had raised its holding from 10 to 23 per cent.

Construction stocks fell although Hochtief, which said it had had a good first half, lost only DM12 to DM1,288 compared with the DM30 drop to DM1,260 at Philipp Holzmann. Mr Wiecking said that over the past two months the sector was the worst performer out of 10 tracked by Merck Finck; this was its first time at the bottom in about three years.

MILAN fell in very thin, summer trading. The Comit index eased 2.88 to 568.94 in volume estimated at around Friday's L65bn. Over the last week, turnover has more than halved to L400bn from L900bn previously.

In spite of the summer lethargy, two new listings were fully subscribed within hours of the offers being opened. Gemina, the diversified holding company, said the 16.38m share placing comprising 30.3 per cent of the share capital of the building group, SCI, was fully taken up on the first day of the offer. The shares were offered at L3,000 each.

The 80,000 share placing of Volkswagen with Italian investors, via Banca Commerciale Italiana, closed fully subscribed. The stock was placed at L270,442 per share. Volkswagen and Bayer, both German companies, have been the first foreign companies to take advantage of legislation allowing foreign companies to be listed in Italy.

ZURICH saw a first-half loss at Swissair, and while the Crédit Suisse index closed only 0.5 higher at 541.6, the airline dropped SFr40 to SFr810. CS Holding, parent of Crédit Suisse, picked up SFr25 to end at SFr2,000 after a jump in first half profits at the latter.

MADRID dealings were reported as thin, market turnover staying low at Pta10bn compared to Friday's Pta8bn as the general index closed 1.54 higher at 269.73. Banks were mixed with Popular sliding Pta150 to Pta11,680 on profit-taking after last week's speculation about a possible takeover bid by Santander.

STOCKHOLM broke a series of eight consecutive declines after news that Astra had won US approval for its drug Plendil, used to treat high blood pressure. The Affärsvärlden general index rose 2.8 to 1,108.3 but turnover was thin at SKr233m after SKr326m. Astra free B shares rose SKr13 to SKr697.

AMSTERDAM was barely changed in thin trading on continued anxiety that its monetary authorities would follow suit if Germany raised its interest rates. The CBS tendency index ended 0.1 down at 93.5. Turnover was a thin Fl 295.2m.

ISTANBUL plunged to its second 1991 low in less than a week. The 75-share index closed provisionally at 2,984.38, down 107.79 or 3.49 per cent. The previous low for the year was 3,011.45 on Thursday.

FT-SE Eurotrack 100 - Jul 29

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1101.84	1102.02	1102.70	1102.64	1104.01	1104.27	1104.52	1104.82

Day's High 1105.14 Day's Low 1101.61

Jul 26	Jul 25	Jul 24	Jul 23	Jul 22
1105.03	1111.51	1113.02	1118.62	1113.67

Base value 1000 (26/10/90)

SOUTH AFRICA

JOHANNESBURG recovered from last week's lows on a decline in the financial rand. The investment currency fell from R3.25 to R3.44 per dollar before closing at R3.36.

The all-share index ended at 3,474, up 63 from Friday and up 94 over two trading days. The all-gold index rose 45 to 1,352 and the industrial index by 55 to 4,013.

In London, a dealer said that while the currency slide made it cheaper for foreigners to buy shares, it also reduced the value of their existing holdings, already depleted by last week's fall in share prices.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY JULY 26 1991								THURSDAY JULY 25 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	146.90	+0.6	129.10	127.95	132.77	125.69	+0.1	5.12	146.04	129.26	128.18	133.33	125.55	148.05	112.74	147.50
Austria (20)	177.73	+0.5	156.19	154.82	160.64	160.16	-0.6	1.73	176.86	156.56	155.25	161.48	161.07	222.37	167.00	280.79
Belgium (49)	128.84	+0.8	113.23	112.22	116.45	113.59	-0.2	5.19	127.84	113.15	112.19	116.71	113.81	151.20	121.73	158.24
Canada (115)	139.57	+0.1	122.66	121.57	126.14	116.23	+0.0	3.34	139.38	123.37	122.32	127.23	116.26	142.27	126.49	139.52
Denmark (37)	253.45	+0.7	222.74	220.78	229.08	231.74	-0.1	1.52	251.81	222.88	221.01	229.88	232.03	270.56	217.74	275.12
Finland (16)	98.62	+1.3	86.67	85.91	89.14	86.61	+0.6	2.78	97.37	86.19	85.47	88.90	86.06	125.15	90.00	134.35
France (110)	130.67	+0.5	114.84	113.81	118.09	121.29	-0.3	3.67	129.99	115.06	114.08	118.66	121.68	152.26	120.60	159.91
Germany (65)	107.04	+0.8	94.07	93.25	96.74	96.74	-0.2	2.32	106.18	93.98	93.20	96.93	96.93	125.35	102.03	142.09
Hong Kong (55)	168.70	+0.3	148.26	146.95	152.49	167.89	+0.3	4.13	168.20	148.88	147.62	153.56	167.39	168.75	119.62	144.64
Ireland (19)	153.60	+1.6	134.98	133.79	138.82	140.76	+0.7	3.55	151.19	133.82	132.70	138.03	139.74	182.46	132.88	188.47
Italy (77)	74.93	+0.9	65.85	65.26	67.72	72.63	+0.2	3.22	74.29	65.76	65.20	67.82	72.52	88.23	69.89	106.92
Japan (474)	130.28	+1.7	114.49	113.48	117.76	113.48	+0.9	0.74	128.10	113.39	112.43	116.96	112.43	146.97	118.35	142.49
Malaysia (68)	228.97	+0.4	201.23	199.44	206.95	245.68	+0.6	2.73	227.96	201.77	200.07	208.10	244.33	247.78	192.83	249.59
Mexico (16)	1143.40	+0.4	1004.85	995.96	1033.45	3769.76	+0.4	1.44	1138.92	1008.09	999.62	1039.76	3755.00	1152.58	534.45	557.99
Netherland (31)	138.38	+0.5	121.61	120.53	125.07	123.79	-0.4	4.33	137.63	121.82	120.80	125.65	124.31	145.73	125.70	145.64
New Zealand (14)	46.69	+0.0	41.03	40.67	42.20	43.37	-0.5	7.02	46.69	41.33	40.98	42.63	43.58	54.64	41.18	67.10
Norway (32)	196.39	+1.0	172.60	171.07	177.51	180.67	+0.2	1.62	194.42	172.09	170.65	177.50	180.31	223.24	182.24	257.65
Singapore (38)	199.17	+0.4	175.04	173.49	180.02	160.62	+0.4	2.13	198.32	175.54	174.06	181.05	159.93	208.25	151.63	208.22
South Africa (61)	239.18	+0.2	210.20	208.33	216.17	170.58	+0.9	3.20	238.62	211.21	209.43	217.84	169.07	258.85	173.00	186.96
Spain (54)	147.52	+0.6	129.64	128.50	133.33	121.53	+0.1	4.44	146.62	129.78	128.69	133.86	121.46	171.12	131.51	179.28
Sweden (27)	189.99	+0.3	166.97	165.49	171.72	177.40	-0.3	2.51	189.40	167.64	166.23	172.91	177.90	204.12	146.60	229.87
Switzerland (58)	93.00	+0.9	81.74	81.02	84.07	87.38	-0.1	2.20	92.20	81.61	80.93	84.19	87.49	100.67	82.17	105.89
United Kingdom (240)	*174.28*	*+1.1*	*153.17*	*151.80*	*157.51*	*153.17*	*+0.4*	*4.79*	*172.39*	*152.59*	*151.29*	*157.37*	*152.59*	*187.44*	*156.27*	*172.86*
USA (526)	154.25	+0.0	135.56	134.37	139.43	154.25	+0.0	3.13	154.20	136.49	135.35	140.78	154.20	158.24	125.95	142.82
Europe (835)	137.22	+0.9	120.59	119.53	124.03	122.83	+0.1	3.89	136.03	120.41	119.40	124.20	122.74	151.52	125.50	155.38
Nordic (112)	186.10	+0.6	163.55	162.10	168.20	165.24	-0.1	1.98	185.03	163.78	162.40	168.92	165.45	200.81	155.55	219.30
Pacific Basin (718)	131.74	+1.6	115.77	114.75	119.07	115.23	+0.9	1.10	129.70	114.80	113.84	118.41	114.24	145.92	117.86	142.67
Euro – Pacific (1553)	134.25	+1.3	117.98	116.93	121.33	119.05	+0.5	2.23	132.54	117.32	116.32	121.00	118.42	147.66	121.29	148.23
North America (641)	153.26	+0.0	134.69	133.51	138.55	151.69	+0.0	3.14	153.20	135.60	134.46	139.89	151.65	157.04	125.91	142.34
Europe Ex. UK (595)	*115.22*	*+0.7*	*101.26*	*100.36*	104.17	105.38	-0.2	3.20	114.42	101.28	100.44	104.48	105.56	129.80	106.85	143.31
Pacific Ex. Japan (244)	146.20	+0.4	128.48	127.37	132.15	130.65	+0.2	4.31	145.57	128.86	127.78	132.91	130.34	146.58	111.40	143.84
World Ex. US (1745)	136.12	+1.2	119.63	118.58	123.04	120.39	+0.5	2.28	134.48	119.03	118.04	122.78	119.76	148.18	122.32	148.55
World Ex. UK (2031)	138.07	+0.7	121.34	120.27	124.80	128.76	+0.3	2.34	137.05	121.30	120.29	125.13	128.33	145.77	120.06	142.65
World Ex. So. Af. (2210)	140.58	+0.8	123.55	122.46	127.07	130.73	+0.3	2.59	139.48	123.46	122.43	127.35	130.29	148.66	122.92	145.08
World Ex. Japan (1797)	148.36	+0.4	130.38	129.24	134.11	140.66	+0.1	3.46	147.83	130.85	129.76	134.98	140.55	152.83	126.69	148.26
The World Index (2271)	141.22	+0.8	124.11	123.02	127.65	131.07	+0.3	2.59	140.13	124.03	122.99	127.94	130.62	149.01	123.28	145.33

Constituent changes with effect 30/7/91: Addition: Groupe Worms & Cie (France). Deletion: Pechelbronn (France).
Latest prices were unavailable for this edition.